

BMO NESBITT BURNS

BMO Nesbitt Burns Group of Funds

Annual Financial Statements

FOR THE PERIOD ENDED DECEMBER 31, 2008

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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 All Equity 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, 2008, 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 indicate 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 12, 2009

STATEMENT OF NET ASSETS (ALL AMOUNTS IN CANADIAN DOLLARS)*As at December 31, 2008 and December 31, 2007*

	2008	2007
ASSETS		
Cash	262,835	2,868,356
Investments at fair value (note 2)	382,305,596	597,644,656
Interest and dividends receivable	1,237,224	1,386,243
Due from broker	-	3,296,070
Subscriptions receivable	69,288	177,574
Other assets	-	3,831
Total assets	383,874,943	605,376,730
LIABILITIES		
Accrued expenses	436,653	937,871
Redemptions payable	136,880	171,490
Total liabilities	573,533	1,109,361
Net assets representing unitholders' equity	383,301,410	604,267,369
Total net assets representing unitholders' equity		
Class A units	382,899,820	604,267,369
Class F units	378,513	-
Class I units	23,077	-
Units issued and outstanding		
Class A units	23,028,978	23,908,202
Class F units	22,442	-
Class I units	1,367	-
Net assets per unit (note 3(b))		
Class A units	\$16.63	\$25.27
Class F units	\$16.87	-
Class I units	\$16.88	-

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, 2008 and December 31, 2007

	2008	2007
INCOME		
Dividends	11,532,955	12,671,141
Interest	646,896	223,762
Securities lending revenue	333,034	105,474
Withholding tax	(776)	-
	12,512,109	13,000,377
EXPENSES		
Management fees (note 5(a))	8,532,917	9,849,030
Audit fees	16,199	38,945
Independent Review Committee fees	15,466	-
Custody fees	35,637	43,740
Legal and filing fees	22,910	83,446
Unitholder servicing fees (note 5(b))	1,010,797	1,282,861
Printing and stationery fees	71,506	78,370
Commissions and other portfolio transaction costs	-	4,822
	9,705,432	11,381,214
Net investment income for the year	2,806,677	1,619,163
Net realized (loss)/gain on investments	(1,325,841)	76,999,612
(Loss)/gain on foreign exchange	(15,046)	87,512
Change in unrealized depreciation in value of investments	(204,858,312)	(32,325,999)
Unrealized currency gain	4,675	-
(Decrease)/increase in net assets from operations	(203,387,847)	46,380,288
(Decrease)/increase in net assets from operations		
Class A units	(203,421,589)	46,380,288
Class F units	35,665	-
Class I units	(1,923)	-
(Decrease)/increase in net assets from operations per unit		
Class A units	\$(8.63)	\$1.94
Class F units	\$3.58	-
Class I units	\$(1.41)	-

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

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

For the periods ended December 31, 2008 and December 31, 2007

	Class A Units		Class F Units	Class I Units
	2008	2007	2008	2008
Net assets – beginning of period	604,267,369	634,060,530	-	
(Decrease)/increase in net assets from operations	(203,421,589)	46,380,288	35,665	(1,923)
UNIT TRANSACTIONS:				
Proceeds from sale of units	84,932,088	52,948,397	342,848	25,000
Reinvested distributions	-	25,442,402	-	-
Amount paid on units redeemed	(102,878,048)	(128,919,498)	-	-
Total unit transactions	(17,945,960)	(50,528,699)	342,848	25,000
DISTRIBUTIONS TO UNITHOLDERS FROM:				
Capital gains	-	(25,644,750)	-	-
Total distributions paid to unitholders	-	(25,644,750)	-	-
Net assets – end of period	382,899,820	604,267,369	378,513	23,077
Change in units				
Units issued and outstanding, beginning of period	23,908,202	25,851,290	-	-
Issued for cash	1,082,988	2,043,066	22,442	1,367
Issued for reinvestment of distributions	-	1,035,086	-	-
	24,991,190	28,929,442	22,442	1,367
Redeemed during the period	(1,962,212)	(5,021,240)	-	-
Units issued and outstanding, end of period	23,028,978	23,908,202	22,442	1,367

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

STATEMENT OF INVESTMENT PORTFOLIO (ALL AMOUNTS IN CANADIAN DOLLARS)

As at December 31, 2008

Par Value (\$)	Description	Cost (\$)	Fair Value (\$)
MONEY MARKET INVESTMENTS (4.1%)			
1,300,000	Alberta Treasury	1,297,712	1,298,322
3,000,000	Province of Quebec	2,987,550	2,989,487
6,500,000	Canada Government	6,472,582	6,487,960
2,000,000	Province of Ontario	1,989,480	1,995,208
3,000,000	Province of British Columbia	2,993,130	2,995,649
		15,740,454	15,766,626

Total Money Market Investments (4.1%)**15,740,454****15,766,626**

Money market instruments which are grouped by issuer earn interest at rates ranging from 1.07% to 2.11% and mature between January 22, 2009 and May 28, 2009.

Number of Shares	Description	Cost (\$)	Fair Value (\$)
EQUITIES			
Consumer Discretionary (4.8%)			
484,400	The Thompson Corporation	20,941,367	17,244,640
37,400	Tim Hortons Inc.	1,048,491	1,303,764
		21,989,858	18,548,404
Industrials (5.8%)			
193,500	Canadian National Railway Company	4,083,371	8,657,190
212,800	Canadian Pacific Railway Limited	9,636,290	8,695,008
347,000	Finning International Inc.	3,425,038	4,934,340
		17,144,699	22,286,538
Materials (15.3%)			
323,300	Agrium Inc.	9,454,414	13,394,319
704,325	Barrick Gold Corporation	20,862,957	31,469,241
305,000	FX Mining Company Inc.	4,106,578	921,098
100,000	Goldcorp Inc.	4,050,127	3,836,000
160,000	Kinross Gold Corporation	2,882,224	3,600,000
25,500	Potash Corporation of Saskatchewan Inc.	2,166,692	2,282,760
350,000	Yamana Gold Inc.	4,902,800	3,290,000
		48,425,792	58,793,418
Consumer Staples (2.2%)			
230,000	Alimentation Couche-Tard Inc., Class B	4,895,698	3,226,900
83,400	George Weston Limited	7,135,316	4,973,976
		12,031,014	8,200,876

STATEMENT OF INVESTMENT PORTFOLIO CONTINUED (ALL AMOUNTS IN CANADIAN DOLLARS)

As at December 31, 2008

Number of Shares	Description	Cost (\$)	Fair Value (\$)
	Information Technology (2.9%)		
255,600	CAE Inc.	2,738,355	2,060,136
628,900	Gennum Corporation	7,616,171	2,326,930
90,000	Open Text Corporation	3,025,124	3,299,400
67,500	Research In Motion Limited	7,639,725	3,338,550
		21,019,375	11,025,016
	Telecommunication Services (6.5%)		
752,071	BCE Inc.	24,031,601	18,899,544
170,000	Rogers Communications Inc.	7,009,852	6,220,300
		31,041,453	25,119,844
	Energy (29.1%)		
329,750	Canadian Natural Resources Limited	6,563,905	16,075,313
622,650	Celtic Explorations Ltd.	7,946,740	7,677,275
635,800	EnCana Corporation	28,274,883	36,215,168
1,053,950	Nexen Inc.	33,117,615	22,470,214
957,429	Suncor Energy Inc.	10,424,250	22,700,642
541,000	Talisman Energy Inc.	7,092,311	6,589,380
		93,419,704	111,727,992
	Financials (29.0%)		
103,600	Bank of Montreal	5,218,454	3,234,392
377,400	Bank of Nova Scotia	14,496,636	12,510,810
312,000	Canadian Imperial Bank of Commerce	20,886,938	15,902,640
290,200	Great-West Lifeco Inc.	7,902,069	6,004,238
107,300	IGM Financial Inc.	3,075,543	3,800,566
844,000	Manulife Financial Corporation	21,511,929	17,555,200
658,800	Power Financial Corporation	10,461,587	15,606,972
469,800	Sun Life Financial Inc.	15,619,330	13,318,830
60,000	TMX Group Inc.	2,963,692	1,510,200
492,700	Toronto-Dominion Bank, The,	18,990,389	21,393,034
		121,126,567	110,836,882
	Total Equities (95.6%)	366,198,462	366,538,970
	Total Investments (99.7%)	381,938,916	382,305,596
	Other Assets Less Liabilities (0.3%)		995,814
	Net Assets (100.0%)		383,301,410

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

MANAGEMENT OF FINANCIAL INSTRUMENT RISK

FINANCIAL INSTRUMENT RISK

The BMO Nesbitt Burns Canadian Stock Selection Fund's ("the Fund") objective was to achieve long-term capital growth consistent with the preservation of capital by investing primarily in equity securities of large Canadian companies that have long-term growth potential or that pay or are expected to pay above-average dividends.

No changes affecting the overall level of risk of investing in the Fund were made during the period. The risks of this Fund remained as discussed in the most recent Simplified Prospectus.

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 advisors that regularly monitor the Fund's positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

CURRENCY RISK

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates.

The Fund invested primarily in Canadian securities and therefore as at December 31, 2008, the Fund did not have any significant exposures to currency risk.

INTEREST RATE RISK

Interest rate risk is the risk that the market 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.

As at December 31, 2008, approximately 4% of the Fund's Net Assets were invested in debt securities with term to maturity of less than one year. The Fund's sensitivity to interest rate risk as determined based on portfolio weighted duration is not significant.

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.

As at December 31, 2008, approximately 96% of the Fund's Net Assets were traded on global stock exchanges. If equity prices on the global stock exchanges had increased or decreased by 10% as of the period end, with all other factors remaining constant, Net Assets could possibly have increased or decreased by approximately \$36,653,897, respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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 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.

As at December 31, 2008, approximately 4% of the Fund's Net Assets were invested in debt securities issued or guaranteed by the federal or provincial governments of Canada. The Fund's sensitivity to credit risk is not significant.

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. Illiquid securities are identified in the Statement of Investment Portfolio, if any, and the proportion of illiquid assets to the total net assets 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.

STATEMENT OF NET ASSETS (ALL AMOUNTS IN CANADIAN DOLLARS)*As at December 31, 2008 and December 31, 2007*

	2008	2007
ASSETS		
Cash	336,645	240,165
Investments at fair value (note 2)	6,255,167	9,497,647
Interest and dividends receivable	183,671	12,424
Subscriptions receivable	60	183
Total assets	6,775,543	9,750,419
LIABILITIES		
Accrued expenses	91,077	21,254
Due to broker	229,246	-
Redemptions payable	1,694	-
Total liabilities	322,017	21,254
Net assets representing unitholders' equity	6,453,526	9,729,165
Total net assets representing unitholders' equity		
Class A units	6,447,570	9,729,165
Class F units	5,956	-
Units issued and outstanding		
Class A units	1,176,142	1,421,949
Class F units	1,205	-
Net assets per unit (note 3(b))		
Class A units	\$5.48	\$6.84
Class F units	\$4.94	-

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, 2008 and December 31, 2007*

	2008	2007
INCOME		
Dividends	151,442	181,465
Interest	2,682	3,685
Securities lending revenue	622	240
Foreign withholding taxes	(21,206)	(27,745)
	133,540	157,645
EXPENSES		
Management fees (note 5(a))	117,819	172,926
Audit fees	5,747	7,708
Independent Review Committee fees	259	-
Custody fees	2,918	4,722
Legal and filing fees	6,414	4,713
Unitholder servicing fees (note 5(b))	22,441	38,286
Printing and stationery fees	1,494	2,194
Commissions and other portfolio transaction costs	3,011	6,146
	160,103	236,695
Net investment loss for the period	(26,563)	(79,050)
Net realized (loss)/gain on sale of investments	(313,901)	727,793
Loss on foreign exchange	(122,934)	(53,011)
Change in unrealized depreciation in value of investments	(1,272,140)	(1,220,694)
Unrealized currency gain	2,411	-
Decrease in net assets from operations	(1,733,127)	(624,962)
Decrease in net assets from operations		
Class A units	(1,733,083)	(624,962)
Class F units	(44)	-
Decrease in net assets from operations per unit		
Class A units	\$(1.37)	\$(0.42)
Class F units	\$(0.04)	-

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

STATEMENT OF CHANGES IN NET ASSETS (ALL AMOUNTS IN CANADIAN DOLLARS)*For the periods ended December 31, 2008 and December 31, 2007*

	Class A Units		Class F Units
	2008	2007	2008
Net assets – beginning of period	9,729,165	11,554,389	-
Decrease in net assets from operations	(1,733,083)	(624,962)	(44)
UNIT TRANSACTIONS:			
Proceeds from sale of units	869,706	1,687,960	6,000
Amount paid on units redeemed	(2,418,218)	(2,888,222)	-
Total unit transactions	(1,548,512)	(1,200,262)	6,000
Net assets – end of period	6,447,570	9,729,165	5,956
Change in units			
Units issued and outstanding, beginning of period	1,421,949	1,582,043	-
Issued for cash	147,191	230,182	1,205
	1,569,140	1,812,225	1,205
Redeemed during the period	(392,998)	(390,276)	-
Units issued and outstanding, end of period	1,176,142	1,421,949	1,205

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

STATEMENT OF INVESTMENT PORTFOLIO (ALL AMOUNTS IN CANADIAN DOLLARS)

As at December 31, 2008

Number of Shares	Description	Cost* (\$)	Fair Value (\$)
EQUITIES			
Consumer Discretionary (9.5%)			
1,410	Autozone Inc.	175,985	243,116
2,560	Big Lots, Inc.	79,600	45,635
410	ITT Educational Services Inc.	47,954	48,079
2,410	McDonald's Corporation	128,217	184,935
2,340	Yum! Brands, Inc.	61,049	91,053
		492,805	612,818
Industrials (10.2%)			
1,150	Cummins Inc.	60,955	37,877
4,075	Emerson Electric Co.	175,789	184,472
5,030	General Electric Company	263,280	100,408
2,270	Goodrich Corporation	145,741	103,910
3,510	United Technologies Corporation	189,945	232,081
		835,710	658,748
Materials (1.6%)			
2,570	Freeport-McMoRan Copper & Gold Inc.	198,720	77,476
560	United States Steel Corp.	74,788	25,785
		273,508	103,261
Consumer Staples (13.8%)			
910	Clorox Company	60,534	61,854
1,190	General Mills Inc.	92,989	89,128
1,310	Kimberly-Clark Corporation	102,801	85,307
2,355	Kroger Co., The,	56,797	76,693
3,325	Procter & Gamble Company, The,	230,980	253,712
7,350	Supervalu Inc.	205,287	132,383
2,780	Wal-Mart Stores Inc.	172,573	192,221
		921,961	891,298
Information Technology (14.5%)			
5,120	Activision Blizzard Inc.	93,483	54,484
4,230	Hewlett-Packard Company	172,678	189,452
1,680	International Business Machines Corporation	191,571	174,627
4,820	Microsoft Corporation	173,681	115,674
11,305	ON Semiconductor Corporation	140,632	46,755
7,935	Oracle Corporation	152,007	173,385
4,710	Western Digital Corporation	124,623	66,343
6,660	Western Union Company	168,312	117,818
		1,216,987	938,538
Health Care (15.4%)			
2,090	Amgen Inc.	149,965	148,330
1,640	Covidien Limited	86,533	73,472
3,360	Life Technologies Corp.	157,815	96,356
4,200	Medco Health Solutions, Inc.	128,446	217,921
2,750	Merck & Co., Inc.	134,194	103,102
1,930	Perrigo Co.	69,694	76,838
1,930	WellPoint, Inc.	118,562	100,712
3,775	Wyeth	198,122	174,992
		1,043,331	991,723

STATEMENT OF INVESTMENT PORTFOLIO CONTINUED (ALL AMOUNTS IN CANADIAN DOLLARS)

As at December 31, 2008

Number of Shares	Description	Cost* (\$)	Fair Value (\$)
	Telecommunication Services (5.0%)		
4,575	AT&T Inc.	162,453	161,076
3,710	Embarq Corporation	238,452	163,231
		400,905	324,307
	Energy (11.7%)		
3,530	ConocoPhillips	283,091	225,908
1,330	ENSCO International Incorporated	74,076	46,498
2,750	Exxon Mobil Corporation	152,484	270,334
3,590	Halliburton Company	71,203	80,482
3,860	Marathon Oil Corporation	109,243	129,994
		690,097	753,216
	Utilities (2.8%)		
4,995	ONEOK Inc.	193,095	179,132
		193,095	179,132
	Financials (12.4%)		
2,320	Arch Capital Group Ltd.	192,594	200,540
740	Goldman Sachs Group, Inc., The,	121,625	77,157
3,560	JP Morgan Chase & Co.	170,282	138,744
3,495	MetLife, Inc.	176,919	150,449
2,535	Northern Trust Corporation	172,109	163,107
1,960	Wells Fargo & Company	76,129	72,129
		909,658	802,126
	Total Equities (96.9%)	6,978,057	6,255,167
	Total Investment Portfolio (96.9%)	6,978,057	6,255,167
	Other Assets Less Liabilities (3.1%)		198,359
	Net Assets (100.0%)		6,453,526

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

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

MANAGEMENT OF FINANCIAL INSTRUMENT RISK

FINANCIAL INSTRUMENT RISK

The BMO Nesbitt Burns U.S. Stock Selection Fund's ("the Fund") objective was to achieve long-term capital growth consistent with the preservation of capital by investing primarily in equity securities of large U.S. companies that have long-term growth potential or that pay or are expected to pay above average dividends.

No changes affecting the overall level of risk of investing in the Fund were made during the period. The risks of this Fund remained as discussed in the most recent Simplified Prospectus.

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 advisors that regularly monitor the Fund's positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

CURRENCY RISK

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. 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.

As at December 31, 2008, approximately 99% of the Fund's Net Assets were exposed to currency risk. If the Canadian Dollar had strengthened or weakened by 5% in relation to the US Dollar, with all other factors remaining constant, Net Assets could possibly have decreased or increased by approximately \$320,150, respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

INTEREST RATE RISK

Interest rate risk is the risk that the market 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 majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

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.

As at December 31, 2008, approximately 97% of the Fund's Net Assets were traded on global stock exchanges. If equity prices on the global stock exchanges had increased or decreased by 10% as of the period end, with all other factors remaining constant, Net Assets could possibly have increased or decreased by approximately \$625,517, respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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 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.

As at December 31, 2008, the Fund had no investments in debt instruments and/or derivatives.

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. Illiquid securities are identified in the Statement of Investment Portfolio, if any, and the proportion of illiquid assets to the total net assets 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.

STATEMENT OF NET ASSETS (ALL AMOUNTS IN CANADIAN DOLLARS)*As at December 31, 2008 and December 31, 2007*

	2008	2007
ASSETS		
Cash	175,201	98,577
Investments at fair value (note 2)	54,250,760	58,619,062
Interest and dividends receivable	464,942	506,632
Subscriptions receivable	13,212	8,751
Total assets	54,904,115	59,233,022
LIABILITIES		
Accrued expenses	71,525	47,837
Redemptions payable	47,824	4,350
Total liabilities	119,349	52,187
Net assets representing unitholders' equity	54,784,766	59,180,835
Total net assets representing unitholders' equity		
Class A units	54,774,413	59,180,835
Class F units	10,353	-
Units issued and outstanding		
Class A units	5,272,360	5,636,743
Class F units	1,003	-
Net assets per unit (note 3(b))		
Class A units	\$10.39	\$10.50
Class F units	\$10.32	-

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, 2008 and December 31, 2007

	2008	2007
INCOME		
Interest	2,776,993	3,397,573
Securities lending revenue	3,743	14,701
	2,780,736	3,412,274
EXPENSES		
Management fees (note 5(a))	371,966	464,044
Audit fees	11,142	18,978
Independent Review Committee fees	2,210	–
Custody fees	7,338	9,765
Legal and filing fees	15,550	14,686
Unitholder servicing fees (note 5(b))	100,077	123,626
Printing and stationery fees	6,748	10,323
	515,031	641,422
Net investment income for the period	2,265,705	2,770,852
Net realized gain/(loss) on sale of investments	30,218	(971,000)
Change in unrealized depreciation in value of investments	(620,991)	(304,906)
Increase in net assets from operations	1,674,932	1,494,946
Increase in net assets from operations		
Class A units	1,674,579	1,494,946
Class F units	353	–
Increase in net assets from operations per unit		
Class A units	\$0.31	\$0.23
Class F units	\$0.35	–

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

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

For the periods ended December 31, 2008 and December 31, 2007

	Class A Units		Class F Units
	2008	2007	2008
Net assets – beginning of period	59,180,835	76,012,798	-
Increase in net assets from operations	1,674,579	1,494,946	353
UNIT TRANSACTIONS:			
Proceeds from sale of units	10,029,067	7,490,978	10,000
Reinvested distribution	2,120,740	2,590,600	56
Cost of units redeemed	(15,967,827)	(25,658,663)	-
Total unit transactions	(3,818,020)	(15,577,085)	10,056
DISTRIBUTIONS TO UNITHOLDERS FROM:			
Net investment income	(2,262,981)	(2,749,824)	(56)
Total distribution paid to unitholders	(2,262,981)	(2,749,824)	(56)
Net assets – end of period	54,774,413	59,180,835	10,353
Change in units			
Units issued and outstanding, beginning of period	5,636,743	7,129,117	-
Issued for cash	86,087	710,417	998
Issued for reinvestment of distributions	203,456	248,648	5
	5,926,286	8,088,182	1,003
Redeemed during the period	(653,926)	(2,451,439)	-
Units issued and outstanding, end of period	5,272,360	5,636,743	1,003

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

STATEMENT OF INVESTMENT PORTFOLIO (ALL AMOUNTS IN CANADIAN DOLLARS)

As at December 31, 2008

Par Value (\$)	Security	Cost (\$)	Fair Value (\$)
MONEY MARKET INVESTMENTS			
Government and Government Guaranteed (0.4%)			
250,000	Government of Canada Discount Note, 0.820%, April 2, 2009	249,435	249,485
		249,435	249,485
	Total Money Market Investments (0.4%)	249,435	249,485
BONDS			
Government and Government Guaranteed Bonds (29.7%)			
1,500,000	Canada Housing Trust, 4.650%, September 15, 2009	1,515,448	1,536,765
2,900,000	Canada Housing Trust, 3.750%, March 15, 2010	2,880,890	2,986,565
4,515,000	Canada Housing Trust, 4.050%, March 15, 2011	4,481,092	4,752,218
420,119	Canada Mortgage Acceptance Corporation, Series 2005-C3, 3.798%, June 15, 2010	11,824	111,861
950,000	Export Development Canada, 5.800%, March 12, 2012	1,055,051	1,084,311
600,000	Farm Credit Corporation, 4.300%, October 5, 2020	601,920	636,252
1,000,000	Government of Canada, 4.000%, September 1, 2010	1,007,590	1,048,700
562,000	Government of Canada, 6.000%, June 1, 2011	614,038	625,478
25,000	Government of Canada, 5.250%, June 1, 2013	26,900	28,756
950,000	Government of Canada, 4.500%, June 1, 2015	993,054	1,083,941
1,533,000	Government of Canada, 8.000%, June 1, 2023	2,271,817	2,352,082
		15,459,624	16,246,929
Provincial Government Bonds (31.3%)			
2,000,000	Alberta Capital Finance Authority, 4.350%, June 15, 2016	1,944,540	2,064,140
1,115,000	British Columbia Municipal Finance Authority 5.100% November 20, 2018	1,110,952	1,143,377
1,920,000	Hydro Quebec, 6.500%, February 15, 2035	2,341,728	2,333,376
1,000,000	Province of Newfoundland, 5.600%, October 17, 2033	993,980	1,092,290
500,000	Province of British Columbia, 5.620%, October 17, 2028	557,981	551,770
965,000	Province of Manitoba, 5.250%, December 3, 2012	1,018,422	1,054,938
600,000	Province of New Brunswick, 6.375%, June 15, 2010	636,446	640,932
1,000,000	Province of Saskatchewan, 5.500%, June 17, 2019	984,470	1,096,230
2,655,000	Province of Ontario, 5.600%, June 2, 2035	2,951,534	2,990,273
3,780,000	Province of Quebec, 5.500%, December 1, 2014	3,928,812	4,183,137
		16,468,865	17,150,463
Corporate Bonds (35.8%)			
900,000	407 International Inc., 5.960%, December 3, 2035	899,370	783,801
435,000	Bank of Nova Scotia, 4.560%, October 30, 2013	434,869	439,715
1,915,000	Bank of Nova Scotia, 4.990%, March 27, 2018	1,914,655	1,848,913
566,000	Canadian Tire Corporation, 5.220%, October 10, 2010	565,909	565,304
640,000	Canadian Imperial Bank of Commerce, 5.000%, September 10, 2012	640,000	650,950
1,600,000	Canadian Imperial Bank of Commerce, 4.550%, March 28, 2016	2,361,000	2,307,240
618,000	GE Capital Canada Funding Company, 5.100%, June 1, 2016	606,839	565,266
353,000	GE Capital Canada Funding Company, 5.730%, October 22, 2037	362,355	269,812
1,000,000	Glacier Credit Card, 4.274%, November 20, 2009	1,000,000	1,003,000
1,619,000	Great West Lifeco, 6.670%, March 21, 2033	1,894,380	1,369,043
577,000	Honda Canada 4.727%, May 09, 2011	577,000	565,783
330,000	Investors Group 6.580%, March 07, 2018	371,339	323,615
294,000	Investors Group, 7.450%, May 9, 2031	360,088	277,827

STATEMENT OF INVESTMENT PORTFOLIO CONTINUED (ALL AMOUNTS IN CANADIAN DOLLARS)

As at December 31, 2008

Par Value (\$)	Security	Cost (\$)	Fair Value (\$)
	Corporate Bonds cont'd (35.8%)		
235,000	Investors Group, 7.110%, March 7, 2033	278,717	213,023
725,000	John Deer Ltd. 5.250%, October 18, 2010	724,623	725,479
1,864,000	Kreditanstalt Fuer Wiederauf, 4.950%, October 14, 2014	1,923,249	2,021,378
659,000	Manulife Bank, 6.700%, June 30, 2012	711,087	630,452
618,000	Manulife Bank, 4.680%, September 12, 2016	586,772	540,472
773,000	RBC Capital Trust, 4.870%, December 31, 2015	723,837	633,605
645,000	Royal Bank of Canada, 5.200%, August 15, 2012	647,864	672,413
1,000,000	Royal Bank of Canada, 4.710%, December 22, 2014	979,234	1,008,980
659,000	Sunlife Financial Group 4.800%, November 23, 2035	662,150	564,835
1,726,000	TD Bank 5.763%, December 18, 2106	1,722,152	1,397,508
281,000	Terasen Gas Inc., 6.000%, October 2, 2037	279,992	245,320
		21,227,481	19,623,734
	Mortgage Backed Securities (1.8%)		
779,559	Schooner Trust, Series 2005-3, Class A1, 4.257%, April 12, 2020	779,528	733,721
261,129	Schooner Trust, Series 2006-6, Class A1, 4.529%, February 12, 2022	261,126	246,428
		1,040,654	980,149
	Total Bonds (98.6%)	54,196,624	54,001,275
	Total Investments (99.0%)	54,446,059	54,250,760
	Other Assets less Liabilities (1.0%)		534,006
	Net Assets (100.0%)		54,784,766

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

MANAGEMENT OF FINANCIAL INSTRUMENT RISK

FINANCIAL INSTRUMENT RISK

The BMO Nesbitt Burns Bond Fund's ("the Fund") objective was to achieve superior investment returns consistent with the preservation of capital and liquidity by investing in a portfolio of relatively low-risk liquid securities consisting primarily of Canadian federal, provincial and municipal government and corporate bonds, as well as asset and mortgage-backed securities issued by Canadian entities.

No changes affecting the overall level of risk of investing in the Fund were made during the period. The risks of this Fund remained as discussed in the most recent Simplified Prospectus.

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 advisors that regularly monitor the Fund's positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

CURRENCY RISK

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. Bonds from foreign countries are exposed to fluctuations in that country's currency rate unless otherwise noted. 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 invested primarily in Canadian bonds. As at December 31, 2008, the Fund did not have any significant exposures to currency risk.

INTEREST RATE RISK

Interest rate risk is the risk that the market 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 following table summarizes the Fund's exposure to interest rate risk as at December 31, 2008, categorized by the earlier of contractual repricing or maturity dates.

	<1 year (\$)	1-3 years (\$)	3-5 years (\$)	5-10 years (\$)	>10 years (\$)	Total (\$)
Interest Rate Exposure (\$)	2,789,250	12,022,319	4,561,536	17,724,063	17,153,592	54,250,760

ALL AMOUNTS IN CA \$

As at December 31, 2008, if the prevailing interest rates had been raised or lowered by 1%, assuming a parallel shift in the yield curve, with all other factors remaining constant, Net Assets could possibly have decreased or increased, respectively, by approximately \$2,682,927. The Fund's interest rate sensitivity was determined based on portfolio weighted duration. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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.

As at December 31, 2008, the Fund did not have any other significant market risk.

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 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.

As at December 31, 2008, the Fund's credit risk exposure grouped by credit ratings are listed in the following table:

Credit Rating	As a % of Net Assets
AAA	45.8
AA	39.1
A	13.1
BBB	1.0
Below BBB	-
Un-rated	-
Total	99.0

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. Illiquid securities are identified in the Statement of Investment Portfolio, if any, and the proportion of illiquid assets to the total net assets 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.

STATEMENT OF NET ASSETS (ALL AMOUNTS IN CANADIAN DOLLARS)*As at December 31, 2008 and December 31, 2007*

	2008	2007
ASSETS		
Cash	17,453	20,734
Investments at fair value (note 2)	47,026,970	55,875,386
Interest and dividends receivable	256,228	228,112
Subscriptions receivable	10,464	125,479
Total assets	47,311,115	56,249,711
LIABILITIES		
Accrued expenses	76,436	81,205
Redemptions payable	7,926	17,208
Total liabilities	84,362	98,413
Net assets representing unitholders' equity	47,226,753	56,151,298
Total net assets representing unitholders' equity		
Class A units	47,210,956	56,151,298
Class F units	15,797	-
Units issued and outstanding		
Class A units	4,034,893	3,767,357
Class F units	1,330	-
Net assets per unit (note 3(b))		
Class A units	\$11.70	\$14.90
Class F units	\$11.88	-

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, 2008 and December 31, 2007

	2008	2007
INCOME		
Dividends	652,238	653,946
Interest	1,128,873	822,943
Securities lending revenue	24,637	6,060
Withholding tax	(729)	-
	1,805,019	1,482,949
EXPENSES		
Management fees (note 5(a))	804,458	813,477
Audit fees	14,565	20,780
Independent Review Committee fees	1,906	-
Custody fees	8,174	10,124
Legal and filing fees	18,269	20,969
Unitholder servicing fees (note 5(b))	108,132	76,924
Printing and stationery fees	7,141	6,926
	962,645	949,200
Net investment income for the period	842,374	533,749
Net realized (loss)/gain on sale of investments	(1,581,505)	3,898,284
Loss on foreign exchange	(1,313)	(1,115)
Change in unrealized depreciation in value of investments	(11,610,501)	(1,105,042)
(Decrease)/Increase in net assets from operations	(12,350,945)	3,325,876
(Decrease)/Increase in net assets from operations		
Class A units	(12,350,742)	3,325,876
Class F units	(203)	-
(Decrease)/Increase in net assets from operations per unit		
Class A units	\$(3.13)	\$0.06
Class F units	\$(0.16)	-

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

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

For the periods ended December 31, 2008 and December 31, 2007

	Class A Units		Class F Units
	2008	2007	2008
Net assets – beginning of period	56,151,298	56,295,259	-
(Decrease)/increase in net assets from operations	(12,350,742)	3,325,876	(203)
UNIT TRANSACTIONS:			
Proceeds from sale of units	16,716,520	11,815,839	16,000
Reinvested distributions	806,359	2,286,954	37
Amount paid on units redeemed	(13,264,162)	(15,140,201)	-
Total unit transactions	4,258,717	(1,037,408)	16,037
DISTRIBUTIONS TO UNITHOLDERS FROM:			
Net investment income	(848,317)	(518,862)	(37)
Capital gains	-	(1,913,567)	-
Total distribution paid to unitholders	(848,317)	(2,432,429)	(37)
Net assets – end of period	47,210,956	56,151,298	15,797
Change in units			
Units issued and outstanding, beginning of period	3,767,357	3,834,228	-
Issued for cash	1,172,962	775,020	1,327
Issued for reinvestment of distributions	62,522	155,477	3
	5,002,841	4,764,725	1,330
Redeemed during the period	(967,948)	(997,368)	-
Units issued and outstanding, end of period	4,034,893	3,767,357	1,330

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

STATEMENT OF INVESTMENT PORTFOLIO (ALL AMOUNTS IN CANADIAN DOLLARS)

As at December 31, 2008

Par Value (\$)	Description	Cost (\$)	Fair Value (\$)
MONEY MARKET INVESTMENTS			
Government and Government Guaranteed (1.7%)			
350,000	Province of New Brunswick Treasury Bill	349,087	349,809
450,000	Canadian Government Treasury Bill	448,524	449,054
		797,611	798,863
Commercial Paper (3.1%)			
800,000	Canadian Wheat Board Discount Note	796,680	797,740
650,000	Province of British Columbia Discount Note	648,511	649,039
		1,445,191	1,446,779
	Total Money Market Investments (4.8%)	2,242,802	2,245,642
Money market instruments which are grouped by issuer earn interest at rates ranging from 0.91% to 1.61% and mature between January 22, 2009 and March 5, 2009.			
BONDS			
Government and Government Guaranteed Bonds (19.1%)			
125,000	Canada Post Corporation, 10.350%, March 15, 2016	185,754	189,320
825,000	Export Development Canada, 5.800%, March 12, 2012	916,229	941,638
550,000	Farm Credit Corporation, 4.300%, October 5, 2020	551,760	583,231
850,000	Government of Canada, 6.000%, June 1, 2011	923,434	946,007
485,000	Government of Canada, 5.250%, June 1, 2012	512,480	544,965
245,000	Government of Canada, 4.500%, June 1, 2015	256,860	279,543
500,000	Government of Canada, 5.000%, June 1, 2015	577,030	639,195
950,000	Government of Canada, 4.000%, June 1, 2017	979,692	1,056,191
3,235,000	Government of Canada, 4.000%, September 1, 2020	3,297,193	3,392,544
301,000	Government of Canada, 8.000%, June 1, 2023	434,283	461,824
		8,634,715	9,034,458
Provincial Government Bonds (11.6%)			
433,000	British Columbia Municipal Finance Authority, 5.100%, November 8, 2020	431,389	444,020
250,000	Hydro Quebec, 6.500%, February 15, 2035	311,675	303,825
240,000	Newfoundland Labrador Hydro, 4.300%, October 13, 2016	239,897	245,770
200,000	Ontario Strategic Infrastructure Finance Authority, 4.600%, June 1, 2015	199,508	209,766
500,000	Province of British Columbia, 5.620%, October 17, 2028	565,590	551,770
350,000	Province of Manitoba, 5.250%, December 3, 2012	368,550	382,620
300,000	Province of New Brunswick, 6.375%, June 15, 2010	320,790	320,466
625,000	Province of New Brunswick, 4.550%, March 26, 2037	622,581	592,800
165,000	Province of Newfoundland, 4.500%, April 17, 2037	164,059	155,017
295,000	Province of Saskatchewan, 5.250%, June 3, 2014	314,647	323,966
300,000	Province of Saskatchewan, 5.800%, September 05, 2033	354,861	344,406
200,000	Province of Ontario, 5.600%, December 2, 2020	231,394	225,256
295,000	Province of Ontario, 7.600%, June 2, 2027	394,486	394,144
874,000	Province of Quebec, 5.500%, December 1, 2014	918,483	967,212
		5,437,910	5,461,038

STATEMENT OF INVESTMENT PORTFOLIO CONTINUED (ALL AMOUNTS IN CANADIAN DOLLARS)

As at December 31, 2008

Par Value (\$)	Description	Cost (\$)	Fair Value (\$)
Corporate Bonds (15.4%)			
385,000	407 International Inc., 5.960%, December 3, 2035	384,731	335,293
300,000	American Express, 4.300%, November 12, 2010	298,917	288,045
822,000	Bank of Nova Scotia, 4.990% March 27, 2018	821,852	793,633
178,000	Canadian Tire Corporation, 5.220%, October 1, 2010	177,972	177,781
201,000	Canadian Imperial Bank of Commerce, 5.000%, September 10, 2012	199,113	204,439
791,000	Canadian Imperial Bank of Commerce, 4.550%, March 28, 2016	788,015	772,989
163,000	GE Capital Canada Funding Company, 5.100%, June 1, 2016	160,056	149,091
428,000	GE Capital Canada Funding Company, 5.730%, October 22, 2037	428,597	327,138
150,000	Great West Lifeco, 6.670%, March 21, 2033	177,997	126,842
305,000	Greater Toronto Airport, 6.250%, December 13, 2012	334,158	318,737
219,000	Honda Canada Finance, 4.727%, May 09, 2011	219,000	214,743
150,000	Honda Canada Finance, 5.675%, September 26, 2012	150,000	147,763
88,000	Investor Group, 6.580%, March 7, 2018	99,023	86,297
105,000	Investor Group, 7.450%, May 9, 2031	128,603	99,224
84,000	Investor Group, 7.110%, March 7, 2033	99,626	76,144
250,000	John Deere Limited, 5.250%, October 18, 2010	249,870	250,165
150,000	Key Nova Scotia Funding Co., 4.210%, December 14, 2009	149,996	147,264
944,000	Kreditanstalt fuer Wiederauf, 4.950%, October 14, 2014	977,246	1,023,702
163,000	Manulife Bank, 4.680%, September 12, 2016	154,764	142,552
175,000	Manulife Financial Capital Trust, 6.700% June 30, 2012	188,832	167,419
243,000	RBC Capital Trust, 4.870%, December 31, 2015	227,545	199,180
172,000	Royal Bank of Canada, 5.200%, August 15, 2012	172,764	179,310
175,000	Sunlife Financial Group, 4.800%, November 23, 2035	175,837	149,994
779,000	TD Bank FLTG, 5.763%, December 18, 2106	774,921	630,741
205,000	TD Capital Trust, 7.600% December 31 2009	212,237	206,952
88,000	Terasen Gas Inc., 6.000%, October 2, 2037	87,684	76,827
		7,839,356	7,292,265
Mortgage Backed Securities (0.3%)			
160,131	Real Estate Asset Liquidity Trust, 4.449%, December 12, 2038	160,125	147,932
		160,125	147,932
	Total Bonds (46.4%)	22,072,106	21,935,693
Number of Shares	Description	Cost (\$)	Fair Value (\$)
EQUITIES			
Consumer Discretionary (2.8%)			
23,525	Thompson Reuters Corp.	925,620	837,255
14,000	Tim Hortons Inc.	462,202	488,040
		1,387,822	1,325,295
Industrials (2.4%)			
14,580	Canadian Pacific Railway Limited	787,386	595,739
17,750	Toromont Industries Ltd.	461,543	406,475
12,600	Transat A.T. Inc., Class B	269,336	149,814
		1,518,265	1,152,028

STATEMENT OF INVESTMENT PORTFOLIO CONTINUED (ALL AMOUNTS IN CANADIAN DOLLARS)

As at December 31, 2008

Number of Shares	Description	Cost (\$)	Fair Value (\$)
	Materials (8.1%)		
8,500	Agrium Inc.	425,623	352,495
30,606	Barrick Gold Corporation	1,092,110	1,367,476
18,200	FXN Mining Company Inc.	244,592	54,964
9,400	Goldcorp Inc.	375,788	360,584
22,400	Kinross Gold Corporation	363,688	501,760
7,950	Potash Corporation of Saskatchewan	157,695	711,684
106,800	Western Goldfields Inc.	145,605	205,056
27,600	Yamana Gold Inc.	387,596	259,440
		3,192,697	3,813,459
	Consumer Staples (0.9%)		
30,400	Alimentation Couche-Tard Inc., Class B	553,532	426,512
		553,532	426,512
	Information Technology (2.4%)		
12,000	Aastra Technologies Ltd.	305,907	142,080
75,150	CAE Inc.	801,746	605,709
37,950	Gennum Corporation	463,806	140,415
4,400	Research In Motion Limited	517,439	217,624
		2,088,898	1,105,828
	Telecommunication Services (3.5%)		
39,838	BCE Inc.	1,355,272	997,942
18,422	Rogers Communications, Inc., Class B	375,519	673,877
		1,730,791	1,671,819
	Energy (13.6%)		
14,625	Canadian Natural Resources Ltd.	548,839	711,799
54,000	Celtic Explorations Ltd.	608,054	665,820
34,785	EnCana Corporation	2,055,350	1,974,049
70,980	Nexen Inc.	2,223,435	1,513,294
33,500	NuVista Energy Ltd.	360,250	277,715
53,960	Suncor Energy Inc.	1,326,884	1,279,931
		7,122,812	6,422,608
	Financials (14.7%)		
18,900	Bank of Montreal	885,327	590,058
28,050	Bank of Nova Scotia	1,410,594	929,858
15,985	Canadian Imperial Bank of Commerce	1,224,239	814,755
30,215	Great-West Lifeco Inc.	850,896	625,148
47,000	Manulife Financial Corporation	1,384,152	975,720
34,200	Power Financial Corporation	971,255	810,198
32,375	Sun Life Financial Inc.	1,124,525	917,831
3,300	TMX Group Inc.	161,012	83,060
27,210	Toronto-Dominion Bank, The,	1,351,349	1,181,458
		9,363,349	6,928,086

STATEMENT OF INVESTMENT PORTFOLIO CONTINUED (ALL AMOUNTS IN CANADIAN DOLLARS)*As at December 31, 2008*

Description	Cost (\$)	Fair Value (\$)
Total Equities (48.4%)	26,958,166	22,845,635
Total Investments (99.6%)	51,273,074	47,026,970
Other Assets Less Liabilities (0.4%)		199,783
Net Assets (100.0%)		47,226,753

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

MANAGEMENT OF FINANCIAL INSTRUMENT RISK

FINANCIAL INSTRUMENT RISK

The BMO Nesbitt Burns Balanced Fund's ("the Fund") objective was to achieve long-term capital growth consistent with the preservation of capital and liquidity by investing primarily in equities and fixed income securities.

No changes affecting the overall level of risk of investing in the Fund were made during the period. The risks of this Fund remained as discussed in the most recent Simplified Prospectus.

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 advisors that regularly monitor the Fund's positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

CURRENCY RISK

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. Bonds and Money Market Investments from foreign countries are exposed to fluctuations in that country's currency rate unless otherwise noted. 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 invested primarily in Canadian bonds and equities. As at December 31, 2008, the Fund did not have any significant exposure to currency risk.

INTEREST RATE RISK

Interest rate risk is the risk that the market 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 investments in debt securities (such as bonds, money market 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 following table summarizes the Fund's exposure to interest rate risk as at December 31, 2008, categorized by the earlier of contractual re-pricing or maturity dates.

	<1 year (\$)	1-3 years (\$)	3-5 years (\$)	5-10 years (\$)	>10 years (\$)	Total (\$)
Interest Rate Exposure (\$)	2,599,857	5,589,752	2,886,893	6,883,231	6,221,602	24,181,335

ALL AMOUNTS IN CA \$

As at December 31, 2008, if the prevailing interest rates had been raised or lowered by 1%, assuming a parallel shift in the yield curve, with all other factors remaining constant, Net Assets could possibly have decreased or increased, respectively, by approximately \$1,082,426. The Fund's interest rate sensitivity was determined based portfolio weighted on duration. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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.

As at December 31, 2008, approximately 48% of the Fund's Net Assets were traded on global stock exchanges. If equity prices on the global stock exchanges had increased or decreased by 10% as of the period end, with all other factors remaining constant, Net Assets could possibly have increased or decreased by approximately \$2,284,564, respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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 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.

As at December 31, 2008, the Fund's credit risk exposure grouped by credit ratings are listed in the below table:

Credit Rating	As a % of Net Assets
AAA	28.2
AA	15.2
A	6.7
BBB	0.4
Below BBB	-
Un-rated	0.7
Total	51.2

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. Illiquid securities are identified in the Statement of Investment Portfolio, if any, and the proportion of illiquid assets to the total net assets 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.

STATEMENT OF NET ASSETS (ALL AMOUNTS IN CANADIAN DOLLARS)*As at December 31, 2008 and December 31, 2007*

	2008	2007
ASSETS		
Cash	2,348,123	961,993
Investments at fair value (note 2)	43,757,912	53,399,655
Interest and dividends receivable	-	2,016,660
Subscriptions receivable	725	48,580
Other assets	-	288
Total assets	46,106,760	56,427,176
LIABILITIES		
Accrued expenses	109,180	123,426
Due to broker	-	453,084
Redemptions payable	5,734	38,044
Total liabilities	114,914	614,554
Net assets representing unitholders' equity	45,991,846	55,812,622
Total net assets representing unitholders' equity		
Class A units	45,942,937	55,812,622
Class F units	48,909	-
Units issued and outstanding		
Class A units	4,868,557	4,694,464
Class F units	5,014	-
Net assets per unit (note 3(b))		
Class A units	\$9.44	\$11.89
Class F units	\$9.75	-

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, 2008 and December 31, 2007*

	2008	2007
INCOME		
Dividends	2,094,188	3,256,018
Interest	3,283	2,679
	2,097,471	3,258,697
EXPENSES		
Management fees (note 5(a))	1,175,678	1,166,751
Audit fees	17,401	18,254
Independent Review Committee fees	1,853	–
Custody fees	5,840	6,312
Legal and filing fees	18,497	28,461
Unitholder servicing fees (note 5(b))	149,472	133,510
Printing and stationery fees	8,212	6,967
	1,376,953	1,360,255
Net investment income for the period	720,518	1,898,442
Net realized loss on sale of investments	(786,199)	(268,104)
Change in unrealized depreciation in value of investments	(10,010,554)	(1,005,923)
(Decrease)/increase in net assets from operations	(10,076,235)	624,415
(Decrease)/increase in net assets from operations		
Class A units	(10,077,983)	624,415
Class F units	1,748	–
(Decrease)/increase in net assets from operations per unit		
Class A units	\$(2.10)	\$0.15
Class F units	\$0.54	–

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

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

For the periods ended December 31, 2008 and December 31, 2007

	Class A Units		Class F Units
	2008	2007	2008
Net assets – beginning of period	55,812,622	47,064,694	-
(Decrease)/Increase in net assets from operations	(10,077,983)	624,415	1,748
UNIT TRANSACTIONS:			
Proceeds from sale of units	14,351,888	17,892,813	47,161
Reinvested distributions	1,692,810	2,428,828	1,389
Amount paid on units redeemed	(14,125,525)	(9,714,221)	-
Total unit transactions	1,919,173	10,607,420	48,550
DISTRIBUTIONS TO UNITHOLDERS FROM:			
Net investment income	(924,654)	(2,483,907)	(574)
Return of Capital	(786,221)	-	(815)
Total distributions paid to unitholders	(1,710,875)	(2,483,907)	(1,389)
Net assets – end of period	45,942,937	55,812,622	48,909
Change in units			
Units issued and outstanding, beginning of period	4,694,464	3,836,584	-
Issued for cash	470,637	1,436,549	4,871
Issued on reinvestment of distributions	182,278	201,821	143
	5,347,379	5,474,954	5,014
Redeemed during the period	(478,822)	(780,490)	-
Units issued and outstanding, end of period	4,868,557	4,694,464	5,014

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

STATEMENT OF INVESTMENT PORTFOLIO (ALL AMOUNTS IN CANADIAN DOLLARS)*As at December 31, 2008*

Number of Units	Description	Cost (\$)	Fair Value (\$)
	Holdings in Underlying Investment Funds (95.1%)		
573,153	Capital International Global Equity Fund, Series I	8,192,208	6,598,649
764,180	CI Harbour Fund, Class I	14,407,407	11,500,915
1,392,327	Mackenzie Cundill Value Fund, Class O	9,387,827	7,331,436
522,360	Synergy Canadian Corporate Class, I Shares	5,725,146	4,554,979
1,427,143	TD Canadian Bond Fund, Class O	14,091,119	13,771,933
		51,803,707	43,757,912
	Total Investment Portfolio (95.1%)	51,803,707	43,757,912
	Other Assets Less Liabilities (4.9%)		2,233,934
	Net Assets (100.0%)		45,991,846

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

MANAGEMENT OF FINANCIAL INSTRUMENT RISK

FINANCIAL INSTRUMENT RISK

The BMO Nesbitt Burns Balanced Portfolio Fund's ("the Fund") objective was 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 or that pay or are expected to pay above-average distributions.

No changes affecting the overall level of risk of investing in the Fund were made during the period. The risks of this Fund remained as discussed in the most recent Simplified Prospectus.

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 advisors that regularly monitor the Fund's positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

CURRENCY RISK

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. Bonds from foreign countries are exposed to fluctuations in that country's currency rate unless otherwise noted. 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 was exposed to currency risk from its investment in mutual fund units. As at December 31, 2008, approximately 25% of the Fund's Net Assets were exposed to currency risk. If the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other factors remaining constant, Net Assets could possibly have decreased or increased by approximately \$559,124, respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

INTEREST RATE RISK

Interest rate risk is the risk that the market 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 was exposed to interest rate risk from investment in mutual funds units. As at December 31, 2008, approximately 30% of the Fund's Net Assets were exposed to interest rate risk. If the prevailing interest rates had been raised or lowered by 1%, assuming a parallel shift in the yield curve, with all other factors remaining constant, Net Assets could possibly have decreased or increased, respectively, by approximately \$136,893. The Fund's interest rate sensitivity was determined based on portfolio weighted duration. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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 was exposed to other market risk from investments in mutual fund units. As at December 31, 2008, approximately 60% of the Fund's Net Assets were traded on global stock exchanges. If equity prices on the global stock exchanges had increased or decreased by 10% as at the period end, with all other factors remaining constant, Net Assets could possibly have increased or decreased by approximately \$2,781,011, respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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 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 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.

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. Illiquid securities are identified in the Statement of Investment Portfolio, if any, and the proportion of illiquid assets to the total net assets 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.

STATEMENT OF NET ASSETS (ALL AMOUNTS IN CANADIAN DOLLARS)*As at December 31, 2008 and December 31, 2007*

	2008	2007
ASSETS		
Cash	112,192	913,749
Investments at fair value (note 2)	47,470,070	61,057,198
Interest and dividends receivable	-	1,872,662
Subscriptions receivable	109,018	51,906
Other assets	-	332
Total assets	47,691,280	63,895,847
LIABILITIES		
Due To broker	-	342,000
Accrued expenses	28,107	149,644
Redemptions payable	14,889	46,121
Total liabilities	42,996	537,765
Net assets representing unitholders' equity	47,648,284	63,358,082
Total net assets representing unitholders' equity		
Class A units	47,638,503	63,358,082
Class F units	9,781	-
Units issued and outstanding		
Class A units	5,758,452	5,252,516
Class F units	1,133	-
Net assets per unit (note 3(b))		
Class A units	\$8.27	\$12.06
Class F units	\$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, 2008 and December 31, 2007

	2008	2007
INCOME		
Dividends	1,680,868	2,367,921
Interest	3,030	2,458
	1,683,898	2,370,379
EXPENSES		
Management fees (note 5(a))	1,358,481	1,235,166
Audit fees	17,005	28,254
Independent Review Committee fees	1,922	-
Custody fees	6,212	15,711
Legal and filing fees	18,084	33,427
Unitholder servicing fees (note 5(b))	168,682	185,608
Printing and stationery fees	10,286	23,090
	1,580,672	1,521,256
Net investment income for the period	103,226	849,123
Net realized (loss)/gain on sale of investments	(605,780)	473,496
Change in unrealized depreciation in value of investments	(19,755,438)	(243,302)
(Decrease)/increase in net assets from operations	(20,257,992)	1,079,317
(Decrease)/increase in net assets from operations		
Class A units	(20,257,773)	1,079,317
Class F units	(219)	-
(Decrease)/increase in net assets from operations per unit		
Class A units	\$(3.62)	\$0.27
Class F units	\$(0.20)	-

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

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

For the periods ended December 31, 2008 and December 31, 2007

	Class A Units		Class F Units
	2008	2007	2008
Net assets – beginning of period	63,358,082	39,871,412	-
(Decrease)/Increase in net assets from operations	(20,257,773)	1,079,317	(219)
UNIT TRANSACTIONS:			
Proceeds from sale of units	17,660,459	31,180,565	10,000
Reinvested distributions	1,163,897	6,271,452	201
Amount paid on units redeemed	(13,114,553)	(8,673,944)	-
Total unit transactions	5,709,803	28,778,073	10,201
DISTRIBUTIONS TO UNITHOLDERS FROM:			
Net investment income	(674,958)	(1,993,270)	(103)
Return of capital	(496,651)	(4,377,450)	(98)
Total distributions paid to unitholders	(1,171,609)	(6,370,720)	(201)
Net assets – end of period	47,638,503	63,358,082	9,781
Change in units			
Units issued and outstanding, beginning of period	5,252,516	3,050,662	-
Issued for Cash	887,194	2,314,138	1,109
Issued for reinvestment of distributions	141,997	528,790	24
	6,281,707	5,893,590	1,133
Redeemed during the period	(523,255)	(641,074)	-
Units issued and outstanding, end of period	5,758,452	5,252,516	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, 2008*

Number of Units	Description	Cost (\$)	Fair Value (\$)
Holdings in Underlying Investment Funds (99.6%)			
646,526	AGF International Stock Class, Series 0	10,433,662	7,409,190
1,098,257	Capital International Global Equity Fund, Series I	16,753,667	12,644,127
496,755	CI Harbour Fund, Class I	10,219,064	7,476,165
622,804	Dynamic Canadian Value, Class 0	6,857,350	4,515,326
210,820	Mackenzie Universal Canadian Resource Fund, Series 0	5,880,359	2,982,411
765,173	Synergy Canadian Corporate Class, I Shares	8,188,447	6,672,312
597,983	TD Canadian Bond Fund, Class 0	5,874,205	5,770,539
		64,206,754	47,470,070
	Total Investment Portfolio (99.6%)	64,206,754	47,470,070
	Other Assets Less Liabilities (0.4%)		178,214
	Net Assets (100.0%)		47,648,284

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

MANAGEMENT OF FINANCIAL INSTRUMENT RISK

FINANCIAL INSTRUMENT RISK

The BMO Nesbitt Burns Growth Portfolio Fund's ("the Fund") objective was 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 remained as discussed in the most recent Simplified Prospectus.

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 advisors that regularly monitor the Fund's positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

CURRENCY RISK

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. Bonds from foreign countries are exposed to fluctuations in that country's currency rate unless otherwise noted. 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 was exposed to currency risk from its investment in mutual fund units. As at December 31, 2008, approximately 43% of the Fund's Net Assets were exposed to currency risk. If the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other factors remaining constant, Net Assets could possibly have decreased or increased by approximately \$987,534, respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

INTEREST RATE RISK

Interest rate risk is the risk that the market 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 was exposed to interest rate risk from investment in mutual funds units. As at December 31, 2008, approximately 10% of the Fund's Net Assets were exposed to interest rate risk. If the prevailing interest rates had been raised or lowered by 1%, assuming a parallel shift in the yield curve, with all other factors remaining constant, Net Assets could possibly have decreased or increased, respectively, by approximately \$57,359. The Fund's interest rate sensitivity was determined based on portfolio weighted duration. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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 was exposed to other market risk from investments in mutual fund units. As at December 31, 2008, approximately 83% of the Fund's Net Assets were traded on global stock exchanges. If equity prices on the global stock exchanges had increased or decreased by 10% as at the period end, with all other factors remaining constant, Net Assets could possibly have increased or decreased by approximately \$3,942,297, respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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 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 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.

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. Illiquid securities are identified in the Statement of Investment Portfolio, if any, and the proportion of illiquid assets to the total net assets 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.

STATEMENT OF NET ASSETS (ALL AMOUNTS IN CANADIAN DOLLARS)*As at December 31, 2008 and December 31, 2007*

	2008	2007
ASSETS		
Cash	91,490	281,884
Investments at fair value (note 2)	8,525,582	12,383,396
Interest and dividends receivable	-	412,341
Subscriptions receivable	6,224	14,475
Other assets	-	14
Total assets	8,623,296	13,092,110
LIABILITIES		
Accrued expenses	90,619	31,648
Redemptions payable	3,767	-
Total liabilities	94,386	31,648
Net assets representing unitholders' equity	8,528,910	13,060,462
Total net assets representing unitholders' equity		
Class A units	8,519,278	13,060,462
Class F units	9,632	-
Units issued and outstanding		
Class A units	1,029,362	979,123
Class F units	1,110	-
Net assets per unit (note 3(b))		
Class A units	\$8.28	\$13.34
Class F units	\$8.68	-

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, 2008 and December 31, 2007

	2008	2007
INCOME		
Dividends	129,618	571,211
Interest	3,177	901
	132,795	572,112
EXPENSES		
Management fees (note 5(a))	251,225	266,737
Audit fees	13,908	11,534
Independent Review Committee fees	343	-
Custody fees	3,135	1,405
Legal and filing fees	18,193	11,568
Unitholder servicing fees (note 5(b))	33,512	34,760
Printing and stationery fees	3,992	1,091
	324,308	327,095
Net investment (loss)/income for the period	(191,513)	245,017
Net realized (loss)/gain on sale of investments	(59,318)	43,215
Change in unrealized depreciation in value of investments	(5,016,064)	(212,708)
(Decrease)/increase in net assets from operations	(5,266,895)	75,524
(Decrease)/increase in net assets from operations		
Class A units	(5,266,527)	75,524
Class F units	(368)	-
(Decrease)/increase in net assets from operations per unit		
Class A units	\$(5.19)	\$0.09
Class F units	\$(0.33)	-

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

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

For the periods ended December 31, 2008 and December 31, 2007

	Class A Units		Class F Units
	2008	2007	2008
Net assets – beginning of period	13,060,462	9,070,618	-
(Decrease)/Increase in net assets from operations	(5,266,527)	75,524	(368)
UNIT TRANSACTIONS:			
Proceeds from sale of units	4,332,507	6,746,062	10,000
Amount paid on units redeemed	(3,607,164)	(2,821,779)	-
Reinvested distributions	-	376,392	-
Total unit transactions	725,343	4,300,675	10,000
DISTRIBUTIONS TO UNITHOLDERS FROM:			
Net investment income	-	(386,355)	-
Total distributions paid to unitholders	-	(386,355)	-
Net assets – end of period	8,519,278	13,060,462	9,632
Change in units			
Units issued and outstanding, beginning of period	979,123	669,237	-
Issued for cash	365,199	484,459	1,110
Issued on reinvestment of distributions	1,385	28,820	-
	1,345,707	1,182,516	1,110
Redeemed during the period	(316,345)	(203,393)	-
Units issued and outstanding, end of period	1,029,362	979,123	1,110

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

STATEMENT OF INVESTMENT PORTFOLIO (ALL AMOUNTS IN CANADIAN DOLLARS)*As at December 31, 2008*

Number of Units	Description	Cost (\$)	Fair Value (\$)
	Holdings in Underlying Investment Funds (99.9%)		
123,996	Capital International Global Equity Fund, Series I	1,829,804	1,427,556
268,551	CI Value Trust Fund, Class I	2,940,374	1,552,223
85,759	Mackenzie Universal Canadian Resource Fund, Series 0	2,343,523	1,213,200
59,589	Renaissance Global Health Care Fund, Class 0	1,101,426	1,072,154
227,283	Synergy Canadian Corporate Class, I Shares	2,361,106	1,981,910
93,327	Templeton Emerging Markets Fund, Class 0	1,318,738	824,079
57,915	Trimark Europlus Fund, Series I	635,230	454,460
		12,530,201	8,525,582
	Total Investment Portfolio (99.9%)	12,530,201	8,525,582
	Other Assets Less Liabilities (0.1%)		3,328
	Net Assets (100.0%)		8,528,910

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

MANAGEMENT OF FINANCIAL INSTRUMENT RISK

FINANCIAL INSTRUMENT RISK

The BMO Nesbitt Burns All Equity Portfolio Fund's ("the Fund") objective was 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 remained as discussed in the most recent Simplified Prospectus.

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 advisors that regularly monitor the Fund's positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

CURRENCY RISK

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. Bonds from foreign countries are exposed to fluctuations in that country's currency rate unless otherwise noted. 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 was exposed to currency risk from its investment in mutual fund units. As at December 31, 2008, approximately 64% of the Fund's Net Assets were exposed to currency risk. If the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other factors remaining constant, Net Assets could possibly have decreased or increased by approximately \$258,563, respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

INTEREST RATE RISK

Interest rate risk is the risk that the market 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.

As at December 31, 2008, none of the Fund's Net Assets were exposed to interest rate risk.

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 was exposed to other market risk from investments in mutual fund units. As at December 31, 2008, approximately 95% of the Fund's Net Assets were traded on global stock exchanges. If equity prices on the global stock exchanges had increased or decreased by 10% as at the period end, with all other factors remaining constant, Net Assets could possibly have increased or decreased by approximately \$808,507, respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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 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 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.

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. Illiquid securities are identified in the Statement of Investment Portfolio, if any, and the proportion of illiquid assets to the total net assets 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.

STATEMENT OF NET ASSETS (ALL AMOUNTS IN CANADIAN DOLLARS)*As at December 31, 2008*

	2008
ASSETS	
Cash	125,850
Investments at fair value (note 2)	905,920
Interest and dividends receivable	1,243
Total assets	1,033,013
LIABILITIES	
Accrued expenses	1,973
Total liabilities	1,973
Net assets representing unitholders' equity	1,031,040
Total net assets representing unitholders' equity	
Class A units	1,020,912
Class F units	10,128
Units issued and outstanding	
Class A units	100,971
Class F units	1,002
Net assets per unit (note 3(b))	
Class A units	\$10.11
Class F units	\$10.11

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

STATEMENT OF OPERATIONS (ALL AMOUNTS IN CANADIAN DOLLARS)*For the period ended December 31, 2008*

	2008
INCOME	
Dividends	4,620
Interest	690
Securities lending revenue	44
Foreign withholding taxes	(623)
	4,731
EXPENSES	
Management fees (note 5(a))	2,989
Audit fees	75
Independent Review Committee fees	41
Custody fees	442
Unitholder servicing fees (note 5(b))	280
Commissions and other portfolio transaction costs	3,416
	7,243
Net investment loss for the period	(2,512)
Net realized gain on sale of investments	408
Loss on foreign exchange	(9,337)
Change in unrealized appreciation in value of investments	23,515
Unrealized currency loss	(34)
Increase in net assets from operations	12,040
Increase in net assets from operations	
Class A units	11,912
Class F units	128
Increase in net assets from operations per unit	
Class A units	\$0.12
Class F units	\$0.13

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

STATEMENT OF CHANGES IN NET ASSETS (ALL AMOUNTS IN CANADIAN DOLLARS)*For the period ended December 31, 2008*

	Class A Units	Class F Units
	2008	2008
Net assets – beginning of period	-	-
Increase in net assets from operations	11,912	128
UNIT TRANSACTIONS:		
Proceeds from sale of units	1,009,000	10,000
Reinvested distributions	40	16
Total unit transactions	1,009,040	10,016
DISTRIBUTIONS TO UNITHOLDERS FROM:		
Net investment income	(40)	(16)
Total distributions paid to unitholders	(40)	(16)
Net assets – end of period	1,020,912	10,128
Change in units		
Units issued and outstanding, beginning of period	-	-
Issued for Cash	100,967	1,000
Issued for reinvestment of distributions	4	2
	100,971	1,002
Redeemed during the period	-	-
Units issued and outstanding, end of period	100,971	1,002

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

STATEMENT OF INVESTMENT PORTFOLIO (ALL AMOUNTS IN CANADIAN DOLLARS)

As at December 31, 2008

Number of Shares	Description	Cost* (\$)	Fair Value (\$)
EQUITIES			
Australia (7.1%)			
2,000	Brambles Limited	13,441	12,652
2,000	Foster's Group Ltd.	9,372	9,295
550	QBE Insurance Group Ltd.	11,589	12,142
110	Rio Tinto Ltd.	6,987	3,597
3,000	Telstra Corp Ltd.	9,921	9,864
340	Woodside Petroleum Ltd.	11,132	10,710
630	Woolworths Limited	14,571	14,429
		77,013	72,689
Belgium (3.4%)			
400	Belgacom SA	17,004	18,759
1,900	Dexia SA	13,373	10,368
200	OMV AG	7,771	6,377
		38,148	35,504
France (5.8%)			
100	Air Liquide SA	10,615	11,231
200	Sanofi-Aventis	14,857	15,581
500	Total SA	32,756	33,385
		58,228	60,197
Germany (7.7%)			
1,800	Alpha Bank A.E.	16,294	20,695
1,000	Deutsche Post AG	14,849	20,292
400	OPAP SA	14,264	14,840
100	RWE AG	10,334	10,850
300	SAP AG	13,204	12,883
		68,945	79,560
Hong Kong (6.1%)			
1,000	Hang Seng Bank Ltd.	15,582	16,199
3,500	Hongkong Electric Holding	23,448	24,223
34,000	Johnson Electric Hldgs	7,268	7,095
11,000	Public Financial Holdings	5,022	5,099
2,000	Vtech Holdings Limited	8,109	10,449
		59,429	63,065
Italy (1.1%)			
1,600	Snam Rete Gas S.P.A.	9,644	10,893
		9,644	10,893
Ireland(0.9%)			
1,000	Anglo Irish Bank Corp. PLC	3,417	295
3,400	Irish Life & Permanent PLC	12,721	9,160
		16,138	9,455
Japan (11.3%)			
700	Hoya Corp.	15,261	14,690
600	Makita Corp.	13,193	16,072
2,000	Mitsubishi Electric Corp.	13,765	15,035
700	Nomura Holdings Inc.	7,927	6,949
100	Orix Corp.	12,887	6,796
1,500	Sumitomo Rubber Ind.	14,948	15,893
400	Takeda Pharmaceutical Co.	24,364	25,276
1	Top Reit Inc.	3,445	4,399
900	Toyota Tsusho Corp.	9,786	11,582
		115,576	116,692

STATEMENT OF INVESTMENT PORTFOLIO CONTINUED (ALL AMOUNTS IN CANADIAN DOLLARS)

As at December 31, 2008

Number of Shares	Description	Cost (\$)	Fair Value (\$)
Malaysia (5.6%)			
1,000	British American Tobac MY	13,820	15,699
5,600	Lafarge Malayan Cemen BHD	5,676	7,872
7,000	Malayan Banking BHD	13,870	12,737
12,000	Plus Expressways BHD	10,949	12,759
8,000	Telekom Malaysia BHD	8,920	8,734
		53,235	57,801
Norway (1.1%)			
1,400	Telenor ASA	10,042	11,428
		10,042	11,428
Singapore (5.3%)			
1,000	Great Eastern Holdgs Ltd.	7,522	7,737
2,000	Hong Leong Finance Ltd.	3,501	3,514
11,000	Singapore Post Ltd.	6,721	7,446
4,000	Singapore Technologies	7,744	8,123
4,000	Singapore Telecommunicat.	7,300	8,740
1,000	United Overseas Bank Ltd.	10,552	11,053
2,000	Venture Corp Ltd.	8,436	7,506
		51,776	54,119
Spain (4.0%)			
400	Banco Bilbao Vizcaya ARGE	5,910	5,945
200	Inditex	8,388	10,753
900	Telefonica SA	20,452	24,463
		34,750	41,161
Sweden (0.9%)			
500	Swedish Match AB	9,256	8,724
		9,256	8,724
Switzerland (7.1%)			
10	Givaudan SA	8,046	9,720
400	Nestle SA	18,706	19,393
300	Novartis SA	18,024	18,407
100	Panalpina Welttransport	5,752	6,785
100	Roche Holding AG	17,742	18,859
		68,270	73,164
The Netherlands (7.9%)			
1,300	ING Groep NV	16,839	16,352
1,000	Koninklijke KPN NV	16,675	17,812
1,200	Reed Elsevier NV	18,690	17,339
500	Royal Dutch Shell PLC	16,854	15,436
600	TNT NV	15,164	14,167
		84,222	81,106
United Kingdom (12.6%)			
2,000	BP PLC	19,457	18,654
1,000	British Sky Broadcasting	7,637	8,467
2,000	Compass Group PLC	11,235	12,087
1,000	Glaxosmithkline PLC	23,018	22,772
8,000	Legal & General Group PLC	11,444	10,777
1,000	National Grid PLC	13,445	12,140
1,000	Rolls-Royce Group PLC	6,190	5,893
1,000	Tesco PLC	6,173	6,372
1,000	United Utilities Group	12,994	11,004
9,000	Vodafone Group PLC	19,563	22,196
		131,156	130,362

STATEMENT OF INVESTMENT PORTFOLIO CONTINUED (ALL AMOUNTS IN CANADIAN DOLLARS)*As at December 31, 2008*

Number of Shares	Security	Cost* (\$)	Fair Value (\$)
	Total Equities (87.9%)	885,828	905,920
	Total Investments (87.9%)	885,828	905,920
	Cash (12.2%)		125,850
	Other Assets Less Liabilities (-0.1%)		(730)
	Net assets (100%)		1,031,040

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

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

MANAGEMENT OF FINANCIAL INSTRUMENT RISK

FINANCIAL INSTRUMENT RISK

The BMO Nesbitt Burns International Equity Fund's ("the Fund") objective was to achieve long-term capital growth consistent with the preservation of capital by investing primarily in equity securities of mid to large capitalization companies located outside of Canada and the United States that have long-term growth potential or that pay or are expected to pay above-average dividends.

No changes affecting the overall level of risk of investing in the Fund were made during the period. The risks of this Fund remained as discussed in the most recent Simplified Prospectus.

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 advisors that regularly monitor the Fund's positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

CURRENCY RISK

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. The Statement of Investment Portfolio identifies all investments denominated in foreign currencies. The table below summarizes the Fund's exposure to currency risk as at December 31, 2008. Amounts shown are based on the carrying value of the investments.

	Currency Exposure (CND \$)	As a % of Net Asset (%)
Australian Dollar	88,232	8.6%
Swiss Franc	66,912	6.5%
Euro	288,706	28.0%
Pound Sterling	104,592	10.1%
HongKong Dollar	60,643	5.9%
Japanese Yen	118,290	11.5%
Malaysian Ringgit	46,230	4.5%
Norwegian Krona	33,385	3.2%
Swedish Krona	11,582	1.1%
Singapore Dollar	87,348	8.5%
Total	905,920	87.9%

If the Canadian Dollar had strengthened or weakened by 5% in relation to the foreign currencies, with all other factors remaining constant, Net Assets could possibly have decreased or increased approximately by \$45,296 respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

INTEREST RATE RISK

Interest rate risk is the risk that the market 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 majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

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.

As at December 31, 2008, approximately 88% of the Fund's Net Assets were traded on global stock exchanges. If equity prices on the global stock exchanges had increased or decreased by 10% as of the period end, with all other factors remaining constant, Net Assets could possibly have increased or decreased by approximately \$90,592 respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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 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.

As at December 31, 2008, the Fund had no investments in debt instruments and/or derivatives.

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. Illiquid securities are identified in the Statement of Investment Portfolio, if any, and the proportion of illiquid assets to the total net assets 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.

NOTES TO FINANCIAL STATEMENTS (ALL AMOUNTS IN CANADIAN DOLLARS)

For the period ended December 31

1. ESTABLISHMENT OF THE FUNDS

The Funds are open-ended mutual fund trusts, established by Declarations of Trust under the laws of the Province of Ontario.

Trusts	Unit Class	Date of Inception
BMO Nesbitt Burns Canadian Stock Selection Fund	A	January 22, 1997
	F	October 31, 2008
	I	October 31, 2008
BMO Nesbitt Burns U.S. Stock Selection Fund	A	February 17, 2000
	F	October 31, 2008
BMO Nesbitt Burns Bond Fund	A	February 17, 2000
	F	October 31, 2008
BMO Nesbitt Burns Balanced Fund	A	November 1, 2002
	F	October 31, 2008
BMO Nesbitt Burns Balanced Portfolio Fund	A	November 1, 2004
	F	October 31, 2008
BMO Nesbitt Burns Growth Portfolio Fund	A	November 1, 2004
	F	October 31, 2008
BMO Nesbitt Burns All Equity Portfolio Fund	A	November 1, 2004
	F	October 31, 2008
BMO Nesbitt Burns International Equity Fund	A	October 31, 2008
	F	October 31, 2008

The Statements of Net Assets, Statement of Operations and Statement of Changes in Net Assets are as at and for the periods ended December 31, 2008 and December 31, 2007, were applicable. Data for the Funds established during the year is presented from the date of inception.

INDEPENDENT REVIEW COMMITTEE

On May 1, 2007, the Independent Review Committee (“IRC”) for the Funds was established in accordance with the National Instrument 81-107 (“NI 81-107”) Independent Review Committee for Investment Funds. On September 12, 2007 the IRC became operational. The IRC provides independent oversight regarding actual and perceived conflicts of interest involving the Funds and performs all other functions required of an independent review committee under NI 81-107.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). In applying Canadian GAAP, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, investment income and expenses during the reporting periods. Actual results could differ from these estimates. The following is a summary of significant accounting policies adopted by the Funds.

Financial Instruments: Recognition and Measurements

The Canadian Institute of Chartered Accountants (“CICA”) issued Section 3855, “Financial Instruments – Recognition and Measurement” (“Section 3855”), which requires the fair value of financial instruments traded in active markets to be measured based on a security’s bid price. The new accounting standard applies to fiscal years beginning on or after October 1, 2006. Prior to October 1, 2006, fair value of a security was most commonly based on the last traded price for the day. For financial reporting purposes, on January 1, 2007, the Funds adopted Section 3855 on a retrospective basis without restatement of the prior period’s financial statements.

National Instrument 81-106 (“NI 81-106”), *Investment Fund Continuous Disclosure*, previously required the daily net asset value of an investment fund to be calculated in accordance with GAAP. The Canadian Securities Administrators – (CSA) have issued amendments to NI 81-106 to replace the previous requirements to calculate the daily net asset value for the purpose of processing unitholder transactions (“Net Asset Value”) in accordance with GAAP and allow investment funds to value their investments using fair value measures as defined in NI 81-106.

The net asset value calculated in accordance with Section 3855 is referred to as “Net Assets” from hereon forward.

For the period ended December 31

Financial Instruments Disclosure and Presentation

On January 1, 2008, the Funds adopted CICA Handbook Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation". The new standards replaced Section 3861, "Financial Instruments – Disclosure and Presentation". The new disclosure standards increase the emphasis on the disclosure of risks associated with financial instruments and how those risks are managed. The previous requirements related to presentation of financial instruments have been carried forward unchanged. Adoption of the new standards does not impact the daily price of the Fund's securities for subscription and redemption purposes, nor for the calculation of Net Assets. Refer to the discussion of the management financial risk under each fund.

Capital Disclosure

In 2008, the Funds adopted CICA Handbook Section 1535, "Capital Disclosure", which establishes standards for disclosing information about an entity's capital and how it is managed. This standard applies to financial statements relating to fiscal years beginning on or after October 1, 2007. The adoption of this standard results in additional disclosures relating to the redeemable units of the Funds but does not affect the Funds' results or financial positions. The disclosure requirements pertaining to section 1535 are contained in Note 7.

Valuation of investments

Investments are categorized as held for trading in accordance with Section 3855, "Financial Instruments – Recognition and Measurement". Investments are recorded at their fair value with the difference between this amount and cost being recorded as unrealized appreciation or depreciation in value of investments.

In the case of securities listed on stock exchanges the fair value means the latest bid price. For bonds, money market instruments and debentures, the fair value means the bid price provided by independent security pricing services. Investments for which reliable quotations are not readily available are valued at their fair value as determined by the Manager on the basis of the latest information available.

Mutual fund units

Mutual funds units held by the Funds as investment holdings are valued at their respective net asset values on the relevant valuation date. The adoption of CICA Section 3855 has no impact on the valuation practices of mutual fund units as there are no bid prices for mutual funds.

Investment transactions, income recognition and transaction costs

- (i) Investment transactions are accounted for on the trade date. Dividend income is recognized on the ex-dividend date. Interest income is recognized on the accrual basis. Realized gains and losses from the sale of investments and unrealized appreciation/(depreciation) in value of investments are calculated with reference to the average cost of the related investments which exclude brokerage commissions and other trading expenses. All income, net realized gains/(losses), unrealized appreciation/(depreciation) in value, and transaction costs are attributable to investments and allocated to each Class based on their respective Net Asset Value.
- (ii) Transaction Costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Funds are recognized in the Statement of Operations for the current period, where applicable. Prior to January 1, 2007, the Fund's policy has been to add these expenses to the cost of the securities purchased or deducted from the proceeds of sale. For the period beginning January 1, 2007, the Funds adopted Section 3855 on a retrospective basis without retroactive restatement of prior periods. The transitional adjustment for prior periods was charged against the immediate past period's realized gains and losses from the sale of investment with a corresponding unrealized appreciation/(depreciation) in value of investments. Adoption of this policy does not impact the daily price of the Fund's securities for subscription and redemption purposes, nor for the calculation of Net Assets.

Cost of investments

The cost of investments represents the amount paid for each security and is determined on an average cost basis.

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, 2008, where applicable, are disclosed in Note 6.

For the period ended December 31

Increase (Decrease) in Net Assets from Operations per Unit

Increase (decrease) in Net Assets from Operations per Unit is based on the increase/(decrease) in Net Assets from operations attributable to each class divided by the average number of units of each class outstanding during the period.

Foreign exchange

Foreign currency accounts are expressed in a Funds functional currency, on the following basis:

- (a) Fair value of investments and other assets at the rate of exchange prevailing at the period end-date; and
- (b) Purchases and sales of investments, income and expenses at the rate of exchange prevailing on the respective dates of such transactions.

Short-term trading penalty

To discourage excessive trading, a Fund may, at the Manager's sole discretion, charge a short-term trading penalty of up to 2% of the amount redeemed or switched if bought and then redeemed or switched securities of the Fund within 30 days of purchasing them. 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, 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

a) Unit Valuation

Units of the Funds are offered for sale on a continuous basis and may be purchased or redeemed on any valuation date at the Net Asset Value per unit. A valuation date is each day on which the Toronto Stock Exchange is open for business. 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 that Class (that is, the total market value of the assets of the Fund less its liabilities) by the total number of units of the Class of the Fund outstanding at such time.

NOTES TO FINANCIAL STATEMENTS (ALL AMOUNTS IN CANADIAN DOLLARS)

For the period ended December 31

b) Reconciliation of Net Assets and Net Asset Value

Reconciliation of Net Assets per Unit to Net Asset Value per Unit (all amounts in Canadian dollars)

Fund Name	As at Dec 31, 2008			As at Dec 31, 2007		
	Net Asset Value per Unit	Section 3855 Adjustment	Net Assets per Unit	Net Asset Value per Unit	Section 3855 Adjustment	Net Assets per Unit
BMO Nesbitt Burns Canadian Stock Selection						
Class A	16.67	(0.04)	16.63	25.31	(0.04)	25.27
Class F	16.91	(0.04)	16.87	-	-	-
Class I	16.92	(0.04)	16.88	-	-	-
BMO Nesbitt Burns U.S. Stock Selection						
Class A	5.49	(0.01)	5.48	6.85	(0.01)	6.84
Class F	4.95	(0.01)	4.94	-	-	-
BMO Nesbitt Burns Bond Fund						
Class A	10.39	-	10.39	10.50	-	10.50
Class F	10.32	-	10.32	-	-	-
BMO Nesbitt Burns Balanced Fund						
Class A	11.73	(0.03)	11.70	14.93	(0.03)	14.90
Class F	11.90	(0.02)	11.88	-	-	-
BMO Nesbitt Burns Balanced Portfolio Fund						
Class A	9.44	-	9.44	11.89	-	11.89
Class F	9.75	-	9.75	-	-	-
BMO Nesbitt Burns Growth Portfolio Fund						
Class A	8.27	-	8.27	12.06	-	12.06
Class F	8.63	-	8.63	-	-	-
BMO Nesbitt Burns All Equity Portfolio Fund						
Class A	8.28	-	8.28	13.34	-	13.34
Class F	8.68	-	8.68	-	-	-
BMO Nesbitt Burns International Equity Fund						
Class A	10.13	(0.02)	10.11	-	-	-
Class F	10.13	(0.02)	10.11	-	-	-

NOTES TO FINANCIAL STATEMENTS (ALL AMOUNTS IN CANADIAN DOLLARS)

For the period ended December 31

4. INCOME TAXES

The Funds qualify as Mutual Fund Trusts, except for BMO Nesbitt Burns International Equity Fund which qualifies as a Unit Trust, under the Income Tax Act (Canada). To the extent that the net taxable income and net realized capital gains of each Fund for each fiscal year are paid or payable in such year to unitholders, each Fund will not be liable for income taxes. Income tax on any net realized capital gains not paid or declared payable to unitholders is recoverable to the extent provided in the Income Tax Act (Canada).

There are no income taxes payable with respect to the periods ended December 31, 2007.

Capital losses incurred by the Funds cannot be allocated to unitholders but may be deducted by the Funds from their capital gains in future years. Capital losses incurred by the Funds are available to be carried forward and applied against future capital gains. 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. Non-capital losses expire as noted below.

As at the tax year ended December 2007, the following Funds had available capital and/or non-capital loss carryforwards for income tax purposes.

Fund	Net Capital Losses \$000s	Non-Capital Losses \$000s	Expiration Date of Non-Capital Losses
BMO Nesbitt Burns U.S. Stock Selection Fund	11,926	869	2008
		752	2009
		550	2010
		2,002	2014-2015
		62	2026

5. RELATED PARTY TRANSACTION**a) Management fees**

BMO Nesbitt Burns Inc., an indirect-subsiary of Bank of Montreal, is the Manager and principal distributor of the Funds. The Manager is responsible for the day-to-day management of the Funds and its investment portfolio in compliance with the Fund's constating documents. The Manager monitors and evaluates the performance of the Funds, pays for the investment management services of the investment advisors and provides all administrative services required by the Funds. As compensation for its services the Manager is entitled to receive a fee payable monthly, calculated daily on the net asset value of the Fund at the following maximum annual rates.

In consideration of these services, the Funds pay the Manager a management fee based on the average Net Asset Value of that Fund for each year, plus GST as follows:

Fund	Unit Class	Actual Fee	Maximum Fee
BMO Nesbitt Burns Canadian Stock Selection Fund	A	1.50%	up to 2.00%
	F	0.50%	up to 1.00%
BMO Nesbitt Burns U.S. Stock Selection	A	1.50%	up to 2.00%
	F	0.50%	up to 1.00%
BMO Nesbitt Burns Bond Fund	A	0.65%	up to 0.75%
	F	0.25%	up to 0.25%
BMO Nesbitt Burns Balanced Fund	A	1.40%	up to 1.75%
	F	0.50%	up to 0.75%
BMO Nesbitt Burns Balanced Portfolio Fund	A	2.10%	up to 2.25%
	F	1.10%	up to 1.25%
BMO Nesbitt Burns Growth Portfolio Fund	A	2.15%	up to 2.25%
	F	1.15%	up to 1.25%
BMO Nesbitt Burns All Equity Portfolio Fund	A	2.20%	up to 2.25%
	F	1.20%	up to 1.25%
BMO Nesbitt Burns International Equity Fund	A	1.75%	up to 2.25%
	F	0.75%	up to 1.25%

For Class I units, a separate Class I fee is negotiated and paid directly by each Class I investor to the Manager.

NOTES TO FINANCIAL STATEMENTS (ALL AMOUNTS IN CANADIAN DOLLARS)

For the period ended December 31

b) **Unitholder Servicing Fees**

The Funds are provided with certain facilities and services by affiliates of the Manager for which the following costs were charged during the periods ended December 31:

Fund	Unit Class	Unitholder Servicing Fees	
		2008	2007
BMO Nesbitt Burns Canadian Stock Selection	A	779,127	1,181,323
	F	11	-
	I	4	-
BMO Nesbitt Burns U.S. Stock Selection	A	17,203	35,132
	F	4	-
BMO Nesbitt Burns Bond Fund	A	82,166	114,290
	F	4	-
BMO Nesbitt Burns Balanced Fund	A	87,935	72,087
	F	7	-
BMO Nesbitt Burns Balanced Portfolio Fund	A	115,625	126,401
	F	13	-
BMO Nesbitt Burns Growth Portfolio Fund	A	132,834	174,643
	F	4	-
BMO Nesbitt Burns All Equity Portfolio Fund	A	29,300	33,651
	F	4	-
BMO Nesbitt Burns International Equity Fund	A	279	-
	F	1	-

c) BMO Nesbitt Burns Inc., (the “Manager”) holds units at December 31, 2008 in the Funds as follows:

	CLASS A	2008 CLASS F	CLASS I	2007 CLASS A
BMO Nesbitt Burns Canadian Stock Selection Fund	-	1,339	1,339	-
BMO Nesbitt Burns U.S. Stock Selection Fund	-	1,200	-	-
BMO Nesbitt Burns Bond Fund	-	1,003	-	-
BMO Nesbitt Burns Balanced Fund	-	1,253	-	-
BMO Nesbitt Burns Balanced Portfolio Fund	-	1,029	-	16,253
BMO Nesbitt Burns Growth Portfolio Fund	-	1,133	-	17,629
BMO Nesbitt Burns All Equity Portfolio Fund	-	1,110	-	15,864
BMO Nesbitt Burns International Equity Fund	100,004	1,002	-	-

d) **Other related party transactions**

From time to time, the Manager may on behalf of the Funds enter into transactions or arrangements with or involving other members of BMO Financial Group, or certain other persons or companies that are related or connected to the Manager of the Funds. 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., or other mutual funds, and may involve the purchase or sale of portfolio securities through or from a member of BMO Financial Group, the purchase or sale of securities issued or guaranteed by a member of BMO Financial Group, a mutual fund entering into forward contracts with a member of BMO Financial Group acting as counterparty, the purchase or redemption of units of other BMO Nesbitt Burns Group of Funds or the provision of services to the Manager.

NOTES TO FINANCIAL STATEMENTS (ALL AMOUNTS IN CANADIAN DOLLARS)

For the period ended December 31

6. 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 Statements of Investment Portfolios. 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, 2008, where applicable, are disclosed below.

	Aggregate Value of Securities on Loan \$	Aggregate Value of Collateral for Loan \$	Percentage of Collateral to Securities on Loan
BMO Nesbitt Burns Canadian Stock Selection Fund	22,657,166	24,338,327	107%
BMO Nesbitt Burns U.S. Stock Selection Fund	146,774	157,665	107%
BMO Nesbitt Burns Bond Fund	9,533,542	10,240,931	107%
BMO Nesbitt Burns Balanced Fund	9,490,016	10,194,175	107%
BMO Nesbitt Burns International Equity Fund	3,508	3,768	107%

7. CAPITAL MANAGEMENT

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 the discussion of management of financial risks under each fund, the Funds endeavour 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.

8. INTERNATIONAL FINANCIAL REPORTING STANDARDS

The CICA Accounting Standards Board requires all Canadian publicly accountable enterprises to adopt International Financial Reporting Standards (IFRS), effective for financial year ends beginning on or after January 1, 2011. The Portfolios will be required to adopt the IFRS beginning in their fiscal 2011 year. The fiscal 2011 financial statements will include comparative 2010 financial results under IFRS.

As at December 31, 2008 the Manager has developed a changeover plan to meet the timetable published by the CICA for changeover to IFRS. The key elements of the plan include disclosures of the qualitative impact in the December 31, 2009 and 2010 financial statements, disclosures of the quantitative impact, if any, in the December 31, 2010 financial statements and the preparation of the June 30, 2011 financial statements in accordance with IFRS.

Based on the Manager's current evaluation of the differences between Canadian GAAP and IFRS, the Manager does not expect that net asset value per unit will be impacted by the changeover to IFRS. Currently, the Manager expects that the impact of IFRS on the funds' financial statements will be additional disclosures and potentially different presentation.

The IFRS committee, established by the manager in the prior year, for the development and implementation of a transition to IFRS is currently

- performing activities to identify key issues and determine the impact of IFRS implementation on the existing systems and processes,
- analyzing the accounting policy options available for first time adoption of IFRS

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.

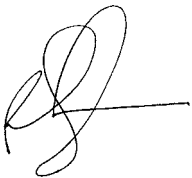
PricewaterhouseCoopers LLP are the external auditors of the Funds. The auditors have been appointed by the Respective Boards and cannot be changed without the prior approval of the Independent Review Committee and 60 days notice to the security holders. They have audited the financial statements in accordance 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 12, 2009

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