

DECEMBER 31, 2008

Portfolio Manager: Pyrford International Limited, London, United Kingdom

This annual management report of fund performance contains financial highlights, but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-800-361-1392, by writing to us at BMO Nesbitt Burns Inc., 1 First Canadian Place, 54th Floor, P.O. Box 150, Toronto, Ontario, M5X 1H3 or by visiting our website at www.bmonesbittburns.com or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objectives and Strategies

The principal investment objective of BMO Nesbitt Burns International Equity Fund is 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.

The Fund seeks to achieve its investment objective by focusing on investments in countries that have attractive economic prospects in international markets. Country allocation decisions are made by formulating earnings projections and valuation estimates for each market.

Factors considered in this process include, but are not limited to, trends in corporate return on equity, government and central bank policy, employment growth and productivity, inflation and interest rates and debt levels. Each country is ranked according to attractiveness and an appropriate country allocation is determined.

Individual securities are then selected based on their return potential and current valuation relative to the market. Factors considered in this process include, but are not limited to, the

dividend yield, long-term earnings per share growth and management of the company. The stock selection universe is generally focused on companies that are considered to be medium to large capitalization companies in their respective countries.

Subject to the Fund's specific investment restrictions and policies set out in its declaration of trust, the Manager expects that the Fund will be fully invested at all times, with cash positions targeted to be less than 5% of total net assets. The Fund may invest up to 20% of its assets in emerging markets.

Risk

No changes affecting the overall level of risk associated with investing in the Fund were made in the period from inception to December 31, 2008. The risks associated with investing in this Fund remain as discussed in the Simplified Prospectus.

Results of Operations

The commentary below refers to the period 30th November 2008 to 31st December 2008. This was the first month of full investment for the portfolio.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE (cont.)

The Fund's Class A units returned 1.3% for the period since inception, net of expenses, whereas the Morgan Stanley Capital International EAFE Index (MSCI EAFE) returned 1.4% for the period since inception.

Stock selection was the primary contributor to the Fund's underperformance relative to the MSCI EAFE. The most significant areas of positive stock selection were Hong Kong (+0.4%), Malaysia (+0.1%), United Kingdom (UK) (+0.6%) and Norway (+0.1%). Japan (-0.1%), Eurozone (-0.6%) and Sweden (-0.1%) delivered negative contributions.

Country allocation was a net negative contributor to performance (-0.2%) over the period. The most significant elements within this were underweight positions relative to the MSCI EAFE in Japan (-0.2%) and UK (-0.1%). The overweight position in the Pacific Basin (+0.1%) excluding Japan was a positive contributor to the performance of the Fund.

Currency allocation was also a negative contributor; the key positive contribution came from the underweight exposure to sterling but this was offset by the exposure in cash to the base currency, Canadian dollars.

The Fund remained significantly underweight Japan (-13.6%) and the UK (-8.5%) throughout the one month period under review. The significant overweight positions were in the Asia-excluding Japan region, namely in Hong Kong (+2.3%), Malaysia (+5.5%) and Singapore (+4.2%) which continue to enjoy superior economic fundamentals and growth prospects.

Markets experienced significant volatility over the period as the bursting of house price bubbles wrought havoc with the balance sheets of the banking systems in Europe. The portfolio is very underweight European banks and has a zero weighting in UK banks.

The Fund has an overweight position in defensive stocks such as Telecommunications (13.4%), Utilities (7.6%), Consumer staples (9.2%) and Pharmaceuticals (11.1%). Exposure to the economic downturn has been avoided by very underweight positions in far more cyclical sectors such as Materials (3.9%), Capital goods (4.6%) and Automobiles/Components (1.5%).

The average dividend yield in the Fund continues to be higher than that of the benchmark (5.3% vs 4.5%), as does its return on equity (26.9% vs 19.9%).

¹ Morningstar PALTrak December 31, 2007

For further information on the performance and composition of the Fund, please refer to the Past Performance and Summary of Investment Portfolio section of this document.

Recent Developments

The Portfolio Manager expects the current global economic weakness to persist, leading to significant declines in corporate profitability as margins subside from levels which remain substantially above long term trends.

Following the burst of housing and credit bubbles in several economies (USA, UK, Spain, Australia and Ireland) the world will need to endure a significant period of deleveraging and balance sheet repair. This will inevitably result in significantly slower personal consumption (referring to personal consumption as a percentage of GDP) which accounts for the majority of economic activity.

Governments in many countries have found it necessary to rescue banks by injecting huge amounts of new capital and by guaranteeing deposits and wholesale funding. Several banks have effectively been nationalised. Central banks have finally taken appropriate action by cutting short term interest rates aggressively. Further cuts should be expected.

The one major positive in all this is that the sharp declines seen in equity markets over the last year have restored much better value to the asset classes thereby creating investment opportunities.

The Portfolio Manager remains confident that the Asia-excluding-Japan region will continue to offer the best prospects for long-term investment returns. The region enjoys the world's most favourable demographics and the resulting economic growth will be further boosted by superior productivity growth from a low base. The portfolio has significantly overweight positions in Hong Kong, Singapore, Thailand, Malaysia and Taiwan to take advantage of these superior growth prospects.

Allocations to UK and Eurozone remain underweight. The UK economy continues to sink under the weight of its earlier debt binge whilst the export-driven Eurozone continues to labour under a significantly overvalued currency.

The focus of stock selection within the portfolio remains value and quality, with higher than average dividend yields to provide downside protection during periods of turbulence. Strong balance sheet ratios along with visibility and sustainability of return on equity will also provide highly defensive characteristics.

Multi-Class Structure

In addition to Class A units, which are available to all investors, the Manager began offering Class F units on October 31, 2008. Class F units are designed for investors who are participants in programs that do not require the payment of sales charges by investors or the payment of services fees to Investment

Advisors but who are charged an annual fee by their Investment Advisors.

Adoption of New Accounting Policies – Financial Instruments Disclosure and Presentation

On January 1, 2008, the Fund 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 asset value.

CICA Handbook section 1535 – Capital Disclosure

The Fund adopted the new accounting standard, section 1535 (capital disclosure) during the year. Section 1535 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 Fund but does not affect the Fund’s results or financial positions.

Related Party Transactions

From time to time, BMO Nesbitt Burns Inc. as the Manager may on behalf of the Fund enter into transactions or arrangements with or involving other members of BMO Financial Group, or certain other persons or companies that are related or connected to the Manager of the Fund.

Portfolio Manager

The Manager has hired Pyrford International Limited (Pyrford), an affiliate of the Manager, to provide investment advice and make investment decisions for the Fund’s investment portfolio. Pyrford receives an investment advisory fee based on assets under management that is paid monthly. Pyrford is paid by the Manager and not by the Fund.

Distribution Services

BMO Nesbitt Burns Inc. sells units of the Fund through its sales representatives who are agents to the Manager, not the Fund. The Manager pays these sales representatives based on the amount of assets held in the investor’s account and additionally, in some cases, on the amount of the initial purchase. There may be other fees and expenses payable in respect to the operation of the investor’s account with BMO Nesbitt Burns Inc. that

could affect the investment in units of the Fund, if the investor receives special services, such as switch fees and registered plan fees. The amount of these fees should be discussed with the sales representative at the time of purchase or switch and when the account or registered tax plan is established.

Unitholder Services

The Fund is provided with certain facilities and services by affiliates of the Manager. Unitholder services, such as fund accounting, record keeping and processing orders, are provided by Bank of Montreal Ireland plc and JHIC (the Registrar). These expenses are paid by the Manager and charged to the Fund. The fees charged to the Fund during the period ended December 31 were as follows:

	2008	2007
Unitholder Servicing Fees	\$280	-

FINANCIAL HIGHLIGHTS

Management Fees

BMO Nesbitt Burns Inc. is the Manager and principal distributor of the Fund. The Manager is responsible for the day-to-day management and administration of the fund. The principal distributor markets and distributes the Fund directly through BMO Nesbitt Burns Inc. sales representatives.

The Manager monitors and evaluates the performance of the Fund, pays for the investment management services of the portfolio manager and provides all administrative services required by the Fund. As compensation for its services the Manager is entitled to receive a fee payable monthly, calculated based on the daily Net Asset Value of the Fund. The Manager is entitled to charge at the maximum annual rate of 2.25% for Class A units, 1.25% for Class F units, but has set the annual management fee at 1.75% for Class A units and 0.75% for Class F units.

The management fees charged to the Fund during the period ended December 31, 2008 amounted to \$2,989. Approximately 57% of the management fees were used to pay for the distribution of securities and servicing of unitholders of the Fund through BMO Nesbitt Burns Inc. sales representatives. The remaining portion of the management fees were used to pay for portfolio management, general administration, product development, marketing and sales support services and any profit.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the period beginning October 31, 2008 (the inception date of the fund) to December 31, 2008. This information is derived from the Fund's audited annual financial statements. The following tables are not intended to be a reconciliation of beginning to ending Net Assets per unit. Please see cover page for information about how you can obtain the Fund's annual financial statements.

Net Assets per Unit

A CLASS UNITS	October 31, to December 31, 2008	2007	2006	2005	2004
	(\$)	(\$)	(\$)	(\$)	(\$)
Net Assets, beginning of year	10.00	-	-	-	-
Increase (decrease) from operations:					
Total revenue	0.05	-	-	-	-
Total expenses	(0.07)	-	-	-	-
Realized gains (losses) for the period	(0.09)	-	-	-	-
Unrealized gains (losses) for the period	0.23	-	-	-	-
Total increase (decrease) from operations¹	0.12	-	-	-	-
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total Annual Distributions²	-	-	-	-	-
Net assets at December 31	\$10.11	-	-	-	-

F CLASS UNITS	October 31, to December 31, 2008	2007	2006	2005	2004
	(\$)	(\$)	(\$)	(\$)	(\$)
Net Assets, beginning of period	10.00	-	-	-	-
Increase (decrease) from operations:					
Total revenue	0.04	-	-	-	-
Total expenses	(0.05)	-	-	-	-
Realized gains (losses) for the period	(0.09)	-	-	-	-
Unrealized gains (losses) for the period	0.22	-	-	-	-
Total increase (decrease) from operations¹	0.13	-	-	-	-
Distributions:					
From income (excluding dividends)	0.02	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total Annual Distributions²	0.02	-	-	-	-
Net assets at December 31	\$10.11	-	-	-	-

¹⁾ Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

²⁾ Distributions were paid in cash or reinvested in additional shares of the Fund, or both, where applicable.

Ratios and Supplemental Data

A CLASS UNITS

	October 31 to December 31 2008	2007	2006	2005	2004
Total net asset value (000's) ¹	\$1,023	-	-	-	-
Number of units outstanding ¹	100,971	-	-	-	-
Management Expense Ratio ²	2.14%	-	-	-	-
Management expense ratio before waiver or management absorptions ²	2.14%	-	-	-	-
Portfolio turnover rate ³	4.18%	-	-	-	-
Trading expense ratio ⁴	-	-	-	-	-
Net asset value per unit⁵	\$10.13	-	-	-	-

F CLASS UNITS

	2008	2007	2006	2005	2004
Total net asset value (000's) ¹	\$10	-	-	-	-
Number of units outstanding ¹	1,002	-	-	-	-
Management Expense Ratio ²	0.88%	-	-	-	-
Management expense ratio before waiver or management absorptions ²	0.88%	-	-	-	-
Portfolio turnover rate ³	4.18%	-	-	-	-
Trading expense ratio ⁴	-	-	-	-	-
Net asset value per unit⁵	\$10.13	-	-	-	-

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

²⁾ Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. In the period a Fund is established, the management expense ratio is annualized from the date of inception to December 31.

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

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

⁴⁾ The trading expense ratio represents the total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is provided from 2005 onwards.

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

PAST PERFORMANCE

General

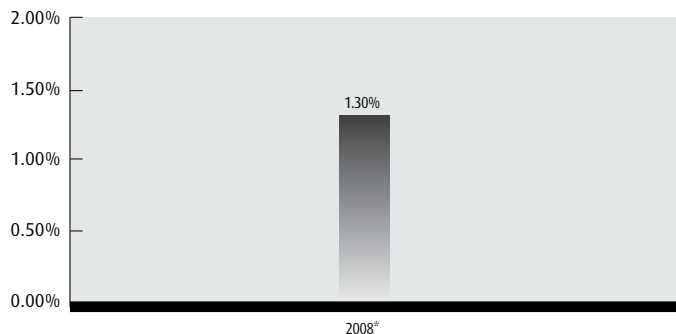
The Fund's performance assumes all distributions made by the Fund in the periods shown were used to purchase additional units of the Fund. If you hold the Fund outside a registered plan, you will be taxed on these distributions. Distributions of income the Fund earns and capital gains it realizes are taxable in the year received whether received in cash or reinvested in additional units. Income tax considerations are discussed in the Simplified Prospectus. Please consult your tax adviser regarding your personal tax situation.

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

Year-by-Year Returns

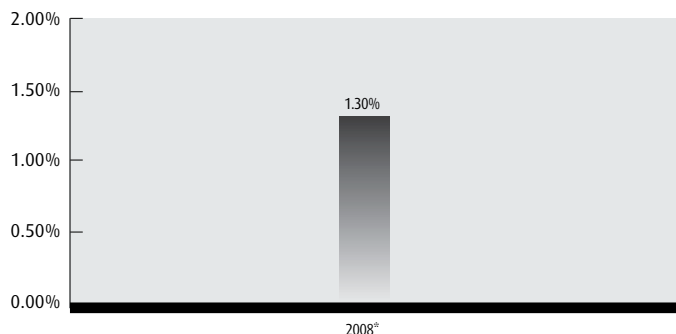
The bar charts that follow show the performance of each class of the Fund for the period beginning October 31, 2008 (the inception date of the Fund) to December 31, 2008. The chart shows, in percentage terms, how much your investment on the first day of the period beginning October 31, 2008, would have grown or decreased by the last day of the period ending December 31, 2008.

A CLASS UNITS



* The Fund's return for 2008 reflects the return from October 31 to December 31.

F CLASS UNITS



* The Fund's return for 2008 reflects the return from October 31 to December 31.

Annual Compound Returns

The MSCI-EAFE is a free float-adjusted market capitalization index that is designed to measure developed market equity performance. The index includes 21 country indices, excluding the U.S. and Canada.

	BMO Nesbitt Burns International Equity Fund*	MSCI EAFE
Since Inception †	1.30%	1.41%

As of December 31, 2008 the Fund's Class A units underperformed the MSCI-EAFE for the since inception period.

* The Fund's return is after the deduction of expenses, while the benchmark does not include any cost of investing.

† The inception date for the Fund is October 31, 2008.

SUMMARY OF INVESTMENT PORTFOLIO**Portfolio Allocation**

As at December 31, 2008

	Net Asset Value (%)
United Kingdom	12.7%
Other Assets less Liabilities	12.1%
Japan	11.3%
The Netherlands	7.9%
Germany	7.7%
Switzerland	7.1%
Australia	7.1%
Hong Kong	6.1%
France	5.8%
Malaysia	5.6%
Singapore	5.3%
Spain	4.0%
Belgium	2.8%
Italy	1.1%
Norway	1.1%
Ireland	0.9%
Sweden	0.8%
Austria	0.6%
	100.0%

Top 25 Holdings

As at December 31, 2008

Net Asset Value (%)

Total SA	3.2%
Takeda Pharmaceutical Co	2.4%
Telefonica SA	2.4%
Hongkong Electric Holding	2.3%
Glaxosmithkline Plc	2.2%
Vodafone Group Plc	2.2%
Alpha bank A.E.	2.0%
Deutsche Post AG	2.0%
Nestle SA	1.9%
Roche Holding AG	1.8%
Belgacom SA	1.8%
BP Plc	1.8%
Novartis SA	1.8%
Koninklijke KPN NV	1.7%
Reed Elsevier NV	1.7%
Ing Groep NV	1.6%
Hang Seng Bank Ltd	1.6%
Royal Dutch Shell Plc	1.6%
Makita Corp	1.6%
Sumitomo Rubber Ind.	1.5%
British American Tobac MY	1.5%
Sanofi-Aventis	1.5%
Mitsubishi Electric Corp	1.5%
Hoya Corp	1.4%
Woolworths Limited	1.4%
Total Net Asset Value	\$1,032,651

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly update is available.

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Fund may invest and the risks detailed from time to time in BMO Nesbitt Burns Group of Funds' simplified prospectus. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, BMO Nesbitt Burns Inc. does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

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