BMO NESBITT BURNS

BMO Nesbitt Burns Group of Funds

Semi-Annual Management Report of Fund Performance

BMO NESBITT BURNS CANADIAN STOCK SELECTION FUND

FOR THE PERIOD ENDED JUNE 30, 2009

Portfolio Manager: Jones Heward Investment Counsel Inc., Toronto, Ontario

This semi-annual management report of fund performance contains financial highlights, but does not contain either semi-annual or annual financial statements of the Fund. If the semi-annual financial statements of the fund do not accompany the mailing of this report, you can get a copy of the semi-annual financial statements or annual financial statements at your request, and at no cost, by calling 1-800-361-1392, by writing to us at BMO Nesbitt Burns Inc., 1 First Canadian Place, 54th Floor, P.O. Box 150, Toronto, Ontario, M5K 1H3 or by visiting our website at **www.bmonesbittburns.com** or SEDAR at **www.sedar.com**. You may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record and/or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

For the six month period ending June 30, 2009, the Fund's Class A units returned 12.7%, net of expenses, whereas the S&P/TSX Total Return Index (S&P/TSX) had a return of 17.5%.

Over the six month period ending June 30, 2009, nine of the ten S&P/TSX sectors were positive. By far the largest gain was from the Information Technology sector. Specifically, Research in Motion Limited rose 67.0%. This was a negative contributor to the Fund (i.e. one reason the Fund underperformed the S&P/TSX) as it held only a one-third index-weight in Research in Motion Limited. On a total return basis, of the ten sectors, only the Telecommunication Services sector was down because of a 17.0% and 18.0% decline in Rogers Communications Inc. and Telus Corporation. This was a positive contributor to the Fund as it held no Telus Corporation and a very small position in Rogers Communications.

In terms of performance attribution, banks and Teck Resources Limited were significant negative contributors to performance. Canadian banks have set themselves apart from banks in other parts of the world during this credit crisis. Unfortunately, the Fund's overweight position in insurance companies and underweight position in banks was a negative contributor to performance. The Fund held no position in Teck Resources Limited which rose 208.0% following a restructuring of a bridge and term loan.

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

Recent Developments

Canadian stock markets have been among the best performers in the huge global rally off of the March 2009 lows. A strong Canadian dollar and a heavy weighting in commodities contributed positively to the S&P/TSX performance. Despite the global recession, prices for commodities such as crude oil, gold, nickel, copper, zinc and potash have strengthened, mitigating the cyclical decline in earnings. From their 2008 peaks, trailing operating earnings for the S&P/TSX are forecast to fall 40.0%. While severe, this decline is milder than the earnings recessions of either the early 1980s or the early 1990s.

Canadian stock markets entered a consolidation/correction phase in June. The Portfolio Manager believes investors are

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE (cont.)

waiting for economic indicators to confirm an upturn in activity, rather than simply a slowing rate of decline. This evidence will likely not arrive until the fall of 2009, leaving cyclical markets such as Canada's vulnerable to a further correction. Moving forward, the Portfolio Manager will look to invest the Fund's cash position as the jobless-recovery and production-recovery take hold. The Portfolio Manager also believes that production is so far below the level of current sales, that a half-speed economic recovery will drive rapid profit growth for the Canadian economy

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

On April 29, 2009, Charles W. White resigned from his position as Chair of the Fund's Independent Review Committee (IRC). On May 28, 2009, the Fund's Independent Review Committee appointed Louise Vaillancourt-Châtillon to act as Chair.

The current members of the Fund's Independent Review Committee are Allen B. Clarke, Kenneth W. McArthur, John K. McBride, R. Jamie Plant and Louise Vaillancourt-Châtillon (Chair).

Transition to International Financial Reporting Standards

Canadian publicly accountable enterprises, which include mutual funds, will be required to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, for financial years beginning on or after January 1, 2011. Effective January 1, 2011, the Fund will adopt IFRS as the basis for preparing its financial statements. The Fund will issue its financial results for the annual period ended December 31, 2011 prepared in accordance with IFRS. It will also provide comparative data on an IFRS basis, including an opening statement of net assets as at January 1, 2010.

In order to meet the requirement to changeover to IFRS, the Manager is following an orderly transition plan. Due to anticipated changes to IFRS prior to transition, the Manager is not in a position to determine the impact on the Fund's financial statements.

Adoption of Future Accounting Standards

The Accounting Standards Board of the Canadian Institute of Chartered Accountants ("CICA") recently issued an amendment to CICA Handbook Section 3862: Financial Instruments-Disclosures. The new financial reporting standards are effective for annual financial statements relating to fiscal years ending after September 30, 2009.

The amendments to the existing standard require classification of the Fund's assets and liabilities into three levels based on the method used to value the assets or liabilities. Level 1 values are based on quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the fund's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investment. For example, Canadian government bonds are generally high-quality and liquid; however, they may be reflected as Level 2 because the inputs used to determine fair value may not always be quoted prices in an active market.

The Fund has a financial year ending December 31, 2009, and as such, these changes will not be reflected until the annual financial statements are prepared for December 31, 2009.

Related Party Transactions

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

Portfolio Manager

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

Distribution Services

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

Unitholder Services

The Fund is provided with certain facilities and services by Related Parties. Unitholder services, such as fund accounting, record keeping and purchase/redemption order processing, are provided by Bank of Montreal Ireland p.l.c. and JHIC, in its capacity as the Fund's Registrar. Fees associated with these services are paid by the Manager and charged to the Fund. The fees charged to the Fund during the period were as follows:

	Six-month ended June 30, 2009	Six-month ended June 30, 2008
Unitholder Servicing Fees	$287,129	$595,496

Buying and Selling Securities

Investing in Bank of Montreal Common Shares and Equity Securities Underwritten by BMO Nesbitt Burns Inc.

During the period, BMO Nesbitt Burns Inc. relied on the approval and standing instructions provided by the Fund's Independent Review Committee (IRC) with respect to the following related party investments (collectively, Related Party Investments):

(a) investments in and/or continued investments in common shares of Bank of Montreal (BMO), an affiliate of BMO Nesbitt Burns Inc., and

(b) investments in a class of equity securities of an issuer during the period of distribution of those securities to the public and/or the 60 day period following the period of distribution where BMO Nesbitt Burns Inc. acted as an underwriter in the distribution of those securities.

In accordance with the IRC's approval and standing instructions, in making a decision to cause the Fund to make a Related Party Investment, BMO Nesbitt Burns Inc. and the Portfolio Manager of the Fund are required to comply with BMO Nesbitt Burns Inc.'s policy and procedures pertaining to the Related Party Investment and report to the IRC on a quarterly basis, describing each instance that BMO Nesbitt Burns Inc. and/or the Portfolio Manager relied on the IRC's standing instructions and their compliance or non-compliance with the policy and procedures. The policy and procedures are designed to, among other things, ensure the Related Party Investment (i) is made free from any influence of BMO, BMO Nesbitt Burns Inc. or their associates or affiliates and without taking into account any considerations relevant to BMO, BMO Nesbitt Burns Inc. or their affiliates or associates, (ii) represents the business judgment of the Portfolio Manager, uninfluenced by considerations other than the best interests of the Fund, and (iii) achieves a fair and reasonable result for the Fund.

FINANCIAL HIGHLIGHTS

Management Fees

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

		As a percentage of Management Fees	
	Annual Management Fee Rate*	Dealer Compensation	General Administration Investment Advice and Profit
	%	%	%
Class A Units	1.50	66.67	33.33
Class F Units	0.50	–	–
Class I Units	–	–	–

* *For Class I units separate management fees are negotiated and paid by each Class I investor. Because the Manager pays lower or no distribution, service or trailing fees on Class I units, Class I units will have lower management fees then Class A or Class F.*

Financial Highlights

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

The Fund's Net Assets per Unit[1]

CLASS A	Period ended June 30, 2009 ($)	Periods ended December 31 2008 ($)	2007 ($)	2006 ($)	2005 ($)	2004 ($)
Net Assets, beginning of period	16.63	25.27	24.53[2]	21.25	17.79	16.01
Increase (decrease) from operations:						
Total revenue	0.25	0.53	0.54	0.55	0.41	0.31
Total expenses[3]	(0.16)	(0.41)	(0.48)	(0.42)	(0.36)	(0.38)
Realized gains (losses) for the period	(0.30)	(0.06)	3.23	2.31	1.14	0.27
Unrealized gains (losses) for the period	2.32	(8.69)	(1.35)	0.58	2.51	1.58
Total increase (decrease) from operations[4]	**2.11**	**(8.63)**	**1.94**	**3.02**	**3.70**	**1.78**
Distributions:						
From income (excluding dividends)	–	–	–	–	–	–
From dividends	–	–	–	–	–	–
From capital gains	–	–	1.12	–	–	–
Return of capital	–	–	–	–	–	–
Total Annual Distributions[5]	**–**	**–**	**1.12**	**–**	**–**	**–**
Net assets, end of period	**$18.77**	**$16.63**	**$25.27**	**$24.54**	**$21.52**	**$17.79**

CLASS F	Period ended June 30, 2009 ($)	October 31 to December 31,2008 ($)
Net Assets, beginning of period	16.87	18.29
Increase (decrease) from operations:		
Total revenue	0.25	0.14
Total expenses[3]	(0.07)	(0.02)
Realized gains (losses) for the period	(0.31)	(1.05)
Unrealized gains (losses) for the period	2.58	4.52
Total increase (decrease) from operations[4]	**2.45**	**3.58**
Distributions:		
From income (excluding dividends)	–	–
From dividends	–	–
From capital gains	–	–
Return of capital	–	–
Total Annual Distributions[5]	**–**	**–**
Net assets at end of period	**$19.12**	**$16.87**

CLASS I	Period ended June 30, 2009 ($)	October 31 to December 31, 2008 ($)
Net Assets, beginning of period	16.88	18.29
Increase (decrease) from operations:		
Total revenue	0.25	0.11
Total expenses[3]	–	–
Realized gains (losses) for the period	(0.48)	(0.82)
Unrealized gains (losses) for the period	1.34	**1.97**
Total increase (decrease) from operations[4]	**1.11**	**1.26**
Distributions:		
From income (excluding dividends)	–	–
From dividends	–	–
From capital gains	–	–
Return of capital	–	–
Total Annual Distributions[5]	**–**	**–**
Net assets at end of period	**$18.78**	**$16.88**

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

2) *The provisions of Section 3855 have been applied retroactively without restatement of prior periods. Accordingly the opening Net Assets for the period ended December 31, 2007 has been adjusted.*

3) *Prior to 2007, commissions and other Fund transaction costs were not included in expenses as they were included in realized and unrealized gains/(losses).*

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

5) *Distributions were paid in cash or reinvested in additional units of the Fund, or both, where applicable.*

Ratios and Supplemental Data

CLASS A	Period ended June 30, 2009	Periods ended December 31 2008	2007	2006	2005	2004
Total net asset value (000's)[1]	$424,544	$383,792	$605,188	$634,503	$630,726	$610,699
Number of units outstanding[1]	22,590,866	23,028,978	23,908,202	25,851,290	29,311,613	34,337,816
Management Expense Ratio[2]	1.83%	1.80%	1.83%	1.82%	1.84%	2.29%
Management expense ratio before waiver or management absorptions[2]	1.83%	1.80%	1.83%	1.82%	1.84%	2.29%
Portfolio turnover rate[3]	24.20%	36.22%	27.84%	15.74%	10.89%	11.70%
Trading expense ratio[4]	–	–	–	–	–	0.01%
Net asset value per unit[5]	**$18.79**	**$16.67**	**$25.31**	**$24.54**	**$21.52**	**$17.79**

CLASS F	Period ended June 30, 2009	October 31 to December 31, 2008
Total net asset value (000's)[1]	$1,734	$379
Number of units outstanding[1]	90,566	22,442
Management Expense Ratio[2]	0.78%	0.78%
Management expense ratio before waiver or management absorptions[2]	0.78%	0.78%
Portfolio turnover rate[3]	24.20%	36.22%
Trading expense ratio[4]	0.01%	–
Net asset value per unit[5]	**$19.14**	**$16.91**

CLASS I	Period ended June 30, 2009	October 31 to December 31, 2008
Total net asset value (000's)[1]	$26	$27
Number of units outstanding[1]	1,389	1,367
Management Expense Ratio[6]	–	–
Management expense ratio before waiver or management absorptions[6]	–	–
Portfolio turnover rate[3]	24.20%	36.22%
Trading expense ratio[4]	–	–
Net asset value per unit[5]	**$18.80**	**$19.55**

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

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

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

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

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

5) *This information is derived from the Fund's audited and unaudited 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.*

6) *A separate Class I management expense fee is negotiated and paid directly by each Class I investor to the Manager.*

PAST PERFORMANCE

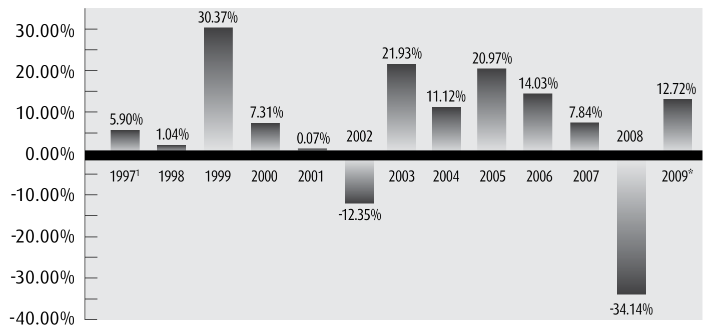
General

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 this Fund outside of a registered plan, income and capital gains distributions that are paid to you increase your income for tax purposes whether paid to you in cash or reinvested in additional units. The amount of the reinvested taxable distributions is added to the adjusted cost base of the units that you own. This would decrease your capital gains or increase your capital loss when you later redeem from the Fund, thereby ensuring that you are not taxed on this amount again. Please consult your tax adviser regarding your personal tax situation. The performance information does not take into account sales, redemption, distribution or other optional charges that, if applicable, would have reduced returns or performance. Please remember the Fund's performance in the past does not indicate how it will perform in the future.

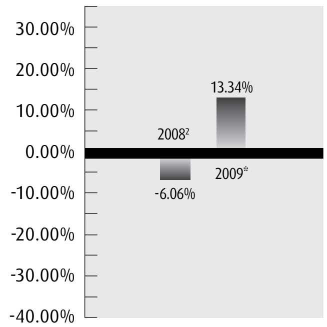
Year-by-Year Returns

The following bar charts show the performance for each class of the Fund for each of the financial years shown and for the six-month period ended June 30, 2009. The charts show in percentage terms how much an investment made on the first day of each financial year would have increased or decreased by the last day of the financial year.

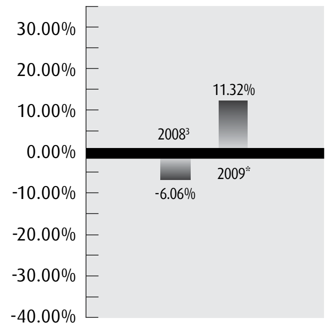
CLASS A



CLASS F



CLASS I



** For the six-month period ended June 30, 2009.*

[1] For the period beginning January 22, 1997 to December 31, 1997.

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

[3] For the period beginning October 31, 2008 to December 31, 2008.

SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2009

Portfolio Allocation	% of Net Asset Value
Financials	31.2
Energy	29.4
Materials	16.0
Industrials	6.0
Telecommunication Services	4.7
Consumer Discretionary	4.1
Money Market Investments – Government and Government Guaranteed	3.4
Information Technology	2.7
Consumer Staples	2.0
Cash/Receivables/Payables	0.5

Top 25 Holdings	% of Net Asset Value
Bank of Montreal	8.3
EnCana Corporation	8.1
Toronto-Dominion Bank	7.9
Barrick Gold Corporation	7.3
Nexen Inc.	6.7
Suncor Energy Inc.	6.4
Manulife Financial Corporation	4.8
BCE Inc.	4.2
Power Financial Corporation	3.9
Thompson Reuters Corporation	3.9
Canadian Natural Resources Limited	3.6
Agrium Inc.	3.5
Sun Life Financial Inc.	3.1
Talisman Energy Inc.	2.5
Canadian Pacific Railway Limited	2.3
Celtic Explorations Ltd.	2.2
Goldcorp Inc.	1.9
Canadian National Railway Company	1.9
Finning International Inc	1.4
Research In Motion Limited	1.3
Potash Corporation of Saskatchewan Inc.	1.3
Great-West Lifeco Inc.	1.2
Government of Canada Treasury Bill, July 23,2009	1.2
Gerorge Weston Limited	1.2
IGM Financial Inc.	1.0
Top holdings as a percentage of total net asset value	91.1
Total Net Asset Value	**$426.3 million**

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

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

BMO Nesbitt Burns Inc.
1 First Canadian Place, 54th Floor, P.O. Box 150
Toronto, Ontario M5X 1H3
www.bmonesbittburns.com
contact.centre@bmonb.com
1-800-361-1392