September 30, 2021

US Strategy Snapshot

Expect More of the Same in Q4

Bottom Line: It has certainly been an eventful year for US stocks thus far. While the market has largely moved higher throughout 2021, underlying price action has experienced ebbs and flows with multiple rotations occurring along the way among value/growth, cyclicals/defensives, and reopening/stay-at-home, developments we expect to continue in the coming months. Incessant fears and correction worries among investors related to Fed tapering, rising interest rates, peak earnings, and seasonality, to name a few, are also things we expect to continue. We have discussed these areas of concerns in detail in our reports over the past several months, but wanted to reiterate them again and remind investors that the positive fundamentals underpinning US stocks remain in place. As such, our message to investors as we look ahead to the final three months of 2021 is to expect more of the same in Q4.

Main Points:

- Market Rotations Have Been Commonplace During the Recovery and Are Likely to Persist
- Stocks Can Go Up Alongside Interest Rates, Especially When Rising From Low Levels
- Dissecting Sector Performance Trends During Rising Interest Rate Periods
- Do Not Fear a Taper Tantrum
- Understanding the Implications of an Earnings-Driven Market
- Blended Earnings Growth Cycle Still Supporting US Stock Market Performance
- September Price Weakness Not a Harbinger of Things to Come When YTD Gains Are Strong

Implementation Strategies:

- US Tactical Equity, US Dividend Growth, US Large Cap Disciplined Value, US SMID-Cap

BMO Capital Markets

Investment Strategy

Brian G. Belski — Chief Investment Strategist
brian.belski@bmo.com — (212) 885-4151
Nicholas Roccanova, CFA — Sr. Investment Strategist
nicholas.roccanova@bmo.com — (212) 885-4179
Andrew Birstingl — Sr. Investment Strategy Associate
andrew.birstingl@bmo.com — (212) 885-4172

US Strategy – S&P 500 Targets

Price Target Model	2021E
DDM	4,800
Fair Value P/E	4,550
Price Target	**4,800**
EPS Target Model	**2021E**
Macro Regression	$177
Bottom-Up Consensus	$203
Normalized EPS	$185
EPS Target	**$210**
Implied P/E	**22.9x**

Source: BMO Capital Markets Investment Strategy.

US Strategy – Recommended S&P 500 Sector Weightings

Sector	Opinion	Tgt. Wgt.
Communication Services	MW	11.0%
Consumer Discretionary	OW	13.0%
Consumer Staples	UW	4.5%
Energy	MW	3.0%
Financials	OW	13.0%
Health Care	MW	13.0%
Industrials	OW	10.0%
Information Technology	MW	26.0%
Materials	OW	3.5%
Real Estate	UW	1.5%
Utilities	UW	1.5%

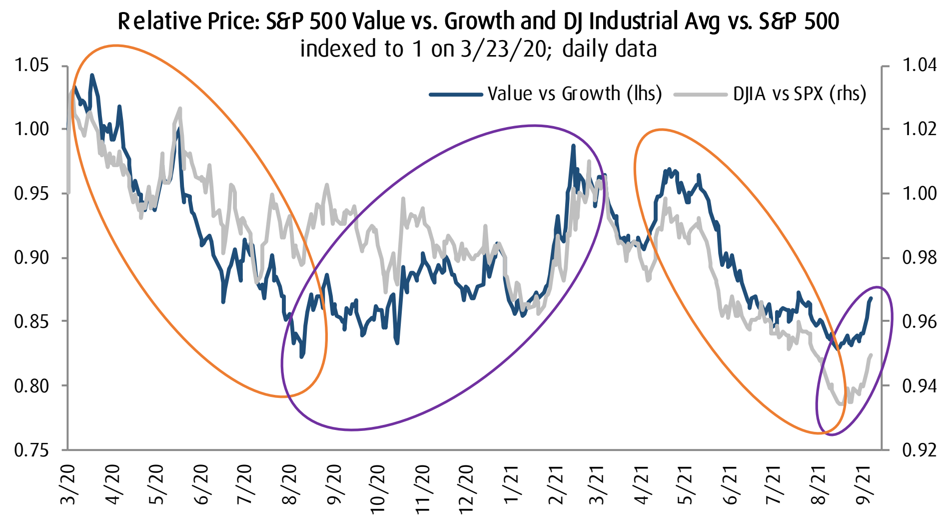
Source: BMO Capital Markets Investment Strategy.

OW: Overweight
MW: Market Weight
UW: Underweight

| 14:01 ET | 16:01 ET~

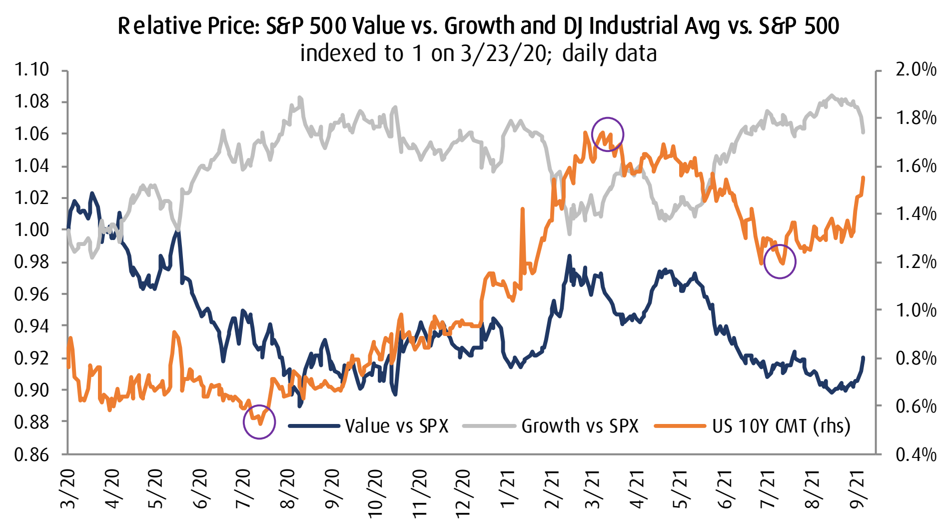
Market Rotations Have Been Commonplace During the Recovery and Are Likely to Persist

Rotations Among Value/Growth and Cyclicals/Defensives Have Been Commonplace



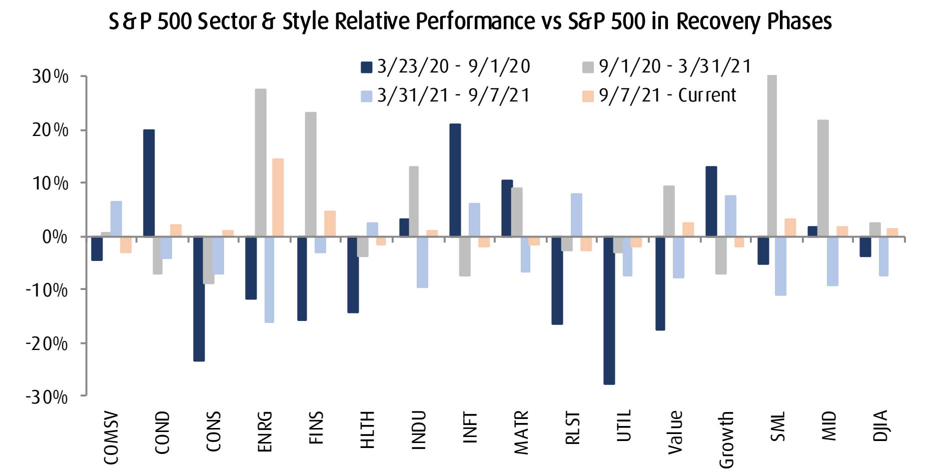
Source: BMO Investment Strategy Group, FactSet.

An Uptick in Yields Has Spurred Another Move Out of Growth Stocks and Into Value



Source: BMO Investment Strategy Group, FactSet.

US Stock Market Has Experienced Several Phases of Recovery Since the Pandemic Low

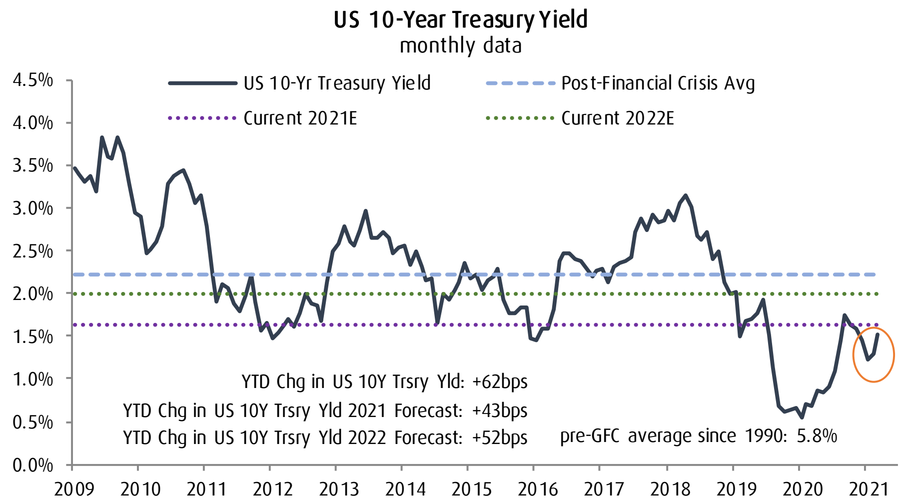


Source: BMO Investment Strategy Group, FactSet.

- The S&P 500 dropped to its pandemic-induced low on 3/23/20, and ever since then price action in the market has experienced ebbs and flows with multiple rotations occurring along the way among value/growth, cyclicals/defensives, and reopening/stay-at-home.
- Growth stocks dominated performance off the late-March low through 9/1/20 as Tech and Discretionary led returns across sectors, helped by the stay-at-home trade.
- Cyclicals, SMID-caps, and value names caught bids in the next phase of the recovery, which extended through 3/31/21, with Energy, Financials, Industrials, and Materials, along with the Dow, all outperforming amid positive vaccine developments and rising yields.
- A 1.7% peak in the US 10Y Treasury yield at the end of March and subsequent move downward pushed investors back into growth stocks, such as those in Communication Services and Tech, as well as the interest rate-sensitive REIT group.
- The latest phase in the recovery appears to have begun in early-to-mid September coinciding with the relative price trough in value vs. growth and the Dow vs. the S&P 500, along with an uptick in yields. We expect these rotations to continue in the coming months with US stocks ending the year fairly balanced in terms of performance across styles and caps.

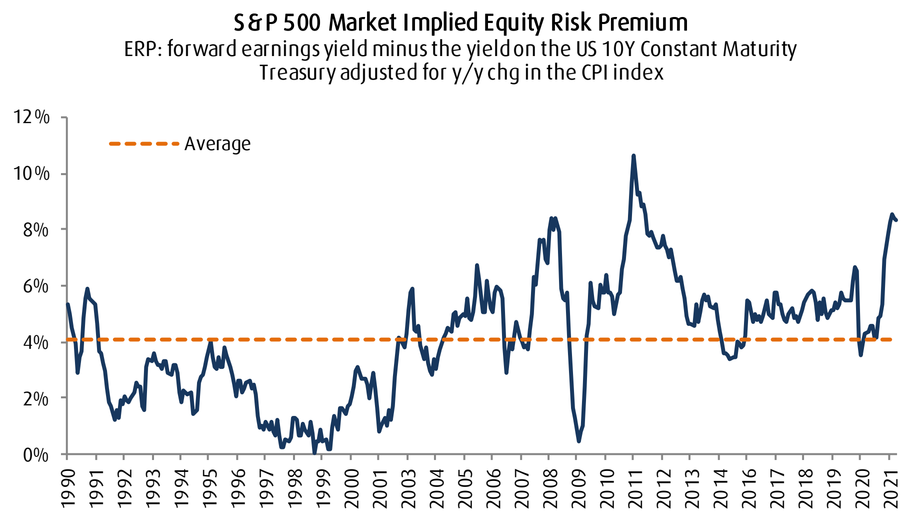
Stocks Can Go Up Alongside Interest Rates, Especially When Rising From Low Levels

Recent Increase in US 10Y Treasury Yield Has Worried Many Investors



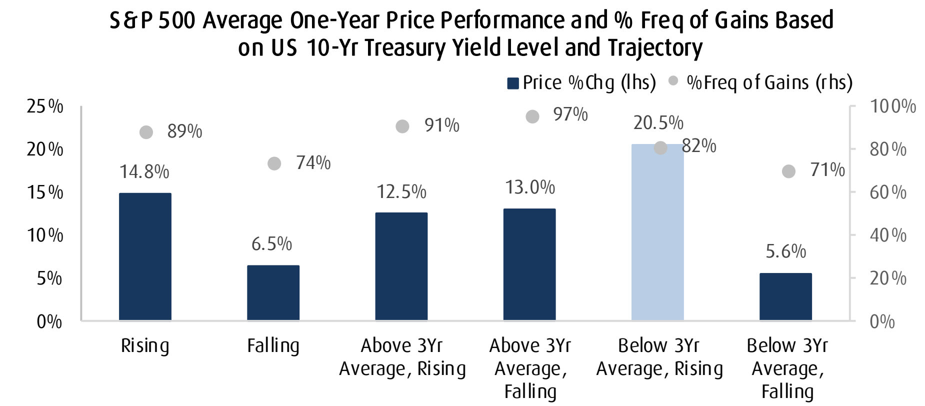
Source: BMO Investment Strategy Group, FactSet, Bloomberg, FRB.

Equity Risk Premium Likely to Stay Above Historical Norms Even With an Uptick in Rates



Source: BMO Investment Strategy Group, FactSet, Bloomberg, FRB.

S&P 500 Performs Better When Rates Rise, Particularly When Rates Rise From Low Levels

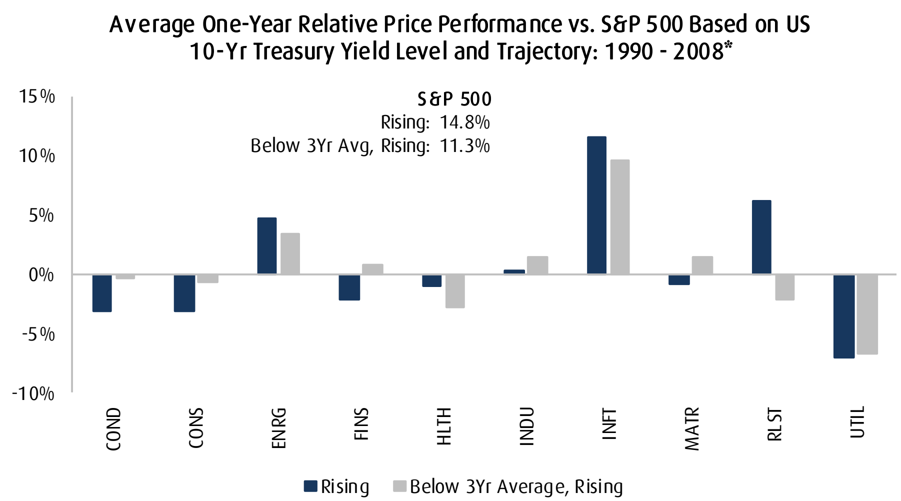


Source: BMO Investment Strategy Group, FactSet, Bloomberg, FRB.

- The US 10Y Treasury yield has moved higher for several straight trading days (up 23 bps since 9/20), eclipsing the 1.5% level in the process, and now stands at its highest level in nearly three months. As per usual, this rate backup has caused investors and market pundits alike, to immediately sound the alarm bells as it relates to US stock market performance and again start calling for a correction, an overreaction that we firmly disagree with.
- Let's put things into perspective. First, interest rates have largely been stuck in a low range since the end of the Financial Crisis, and any increase would likely still leave rates at historically low levels, especially relative to the pre-GFC average. In addition, current 2021 and 2022 US 10Y Treasury yield forecasts (1.6% and 2.0%) imply the yield will stay below its post-GFC average (2.3%) through at least 2022.
- Second, the S&P 500 equity risk premium is already elevated relative to history, so even with an uptick in interest rates, US stocks would likely still be offering attractive returns vs. historical norms.
- Lastly, and most important, rising rates have actually benefited, not hurt, US stock market performance. The S&P 500 has posted an average price return of 14.8% during periods of increasing y/y rates compared to just a 6.5% gain during periods of falling rates. Our work also shows that some of the strongest returns for the market tend to occur when the US 10Y Treasury yield rises from below-average levels with the S&P 500 registering a 20.5% price return, on average, during periods in which the yield was below its three-year average and increasing on a y/y basis.

Dissecting Sector Performance Trends During Rising Interest Rate Periods

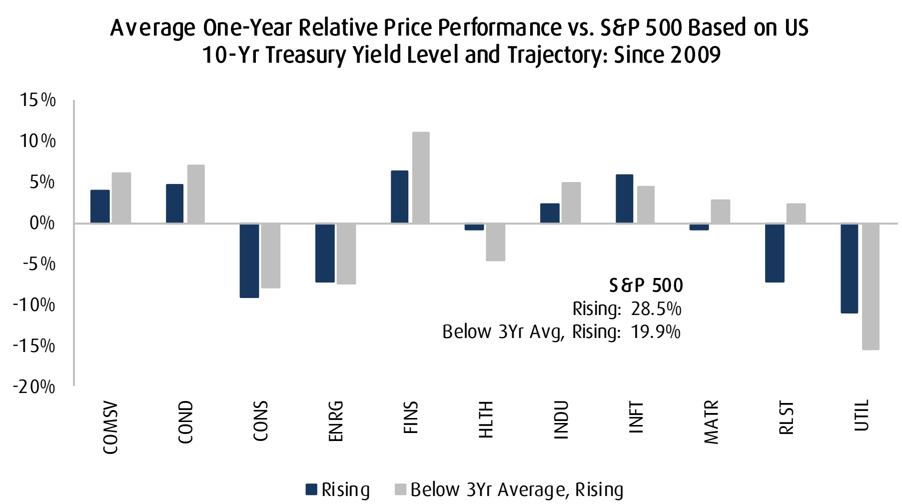
From 1990–'08, Tech Performed Best Amid Rising Rates, While UTIL Performed Worst



Source: BMO Investment Strategy Group, FactSet, Bloomberg, FRB.

*RLST data starts in 2001; COMSV excluded as our pricing data for current sector makeup starts in 2006

Since '09, FINS & COND Have Logged Strongest Gains When Rates Rose From Low Levels



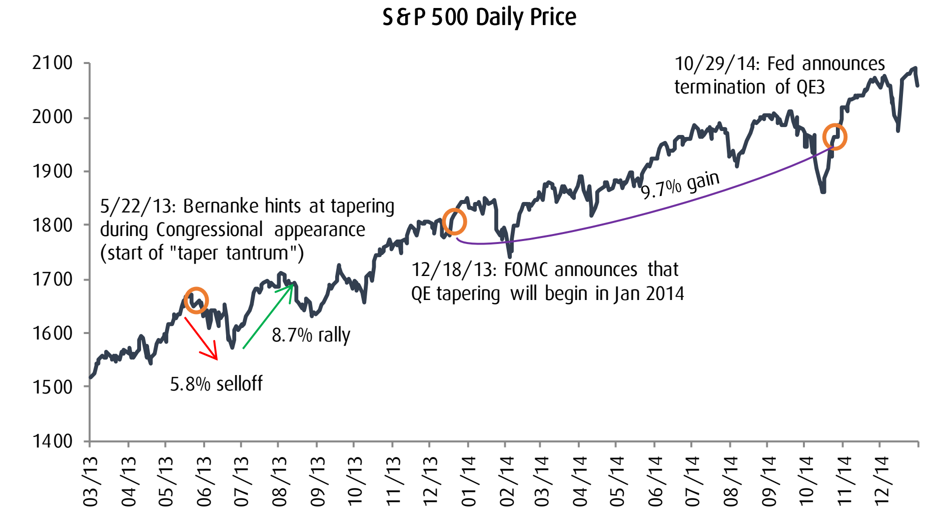
Source: BMO Investment Strategy Group, FactSet, Bloomberg, FRB.

- In addition to examining the effects of rising interest rates on the overall market, we also wanted to analyze performance implications across sectors as well. To do this, we again looked at average one-year price performance based on the level and trajectory of the US 10Y Treasury yield going back to 1990 but separated the pre- and post-Great Financial Crisis ("GFC") periods because some sectors' relationships with rates have changed considerably since then.
- Since the start of 2009, Financials outpaced the S&P 500 by 6.2% y/y, on average, during periods of rising interest rates, and outperformed by 11% when rates increased from below-average levels - the strongest returns across all sectors. This marked a notable shift from the 1990-2008 trend, in which Financials trailed the market by 2% when the US 10Y Treasury yield moved higher.
- Relative y/y performance for Consumer Discretionary and Energy also exhibited changes to their relationships with yields between the two aforementioned periods of time. Discretionary stocks have logged above-market one-year price returns amid rising yields post-GFC, after trailing market returns, on average, during the pre-GFC period, while the opposite holds true for Energy stocks.
- By contrast, Consumer Staples and Utilities appear to have become much more sensitive to increasing interest rates as their underperformance relative to the broader market has worsened since 2009, especially when the US 10Y Treasury yield has risen from below its three-year average.
- The relationship in place during 1990-2008 between Industrials and Materials relative performance and interest rates largely remained in place, with slight positive improvements occurring for both groups in the post-GFC era when rates rose from below-average levels.
- And despite Tech and Communication Services being some of the hardest hit groups amid the current uptick in yields, these sectors have historically logged decent levels of outperformance during rising rate periods since the Financial Crisis.
- Overall, rising interest rates have not had a detrimental effect on performance at the sector level as all 11 S&P 500 sectors still logged positive average one-year price returns during these periods both pre- and post-GFC. Since 2009, seven of 11 sectors have eclipsed the one-year price return for the S&P 500, on average, when the US 10Y Treasury yield was rising y/y from below its three-year average, which represents the current rate environment.

BMO Capital Markets

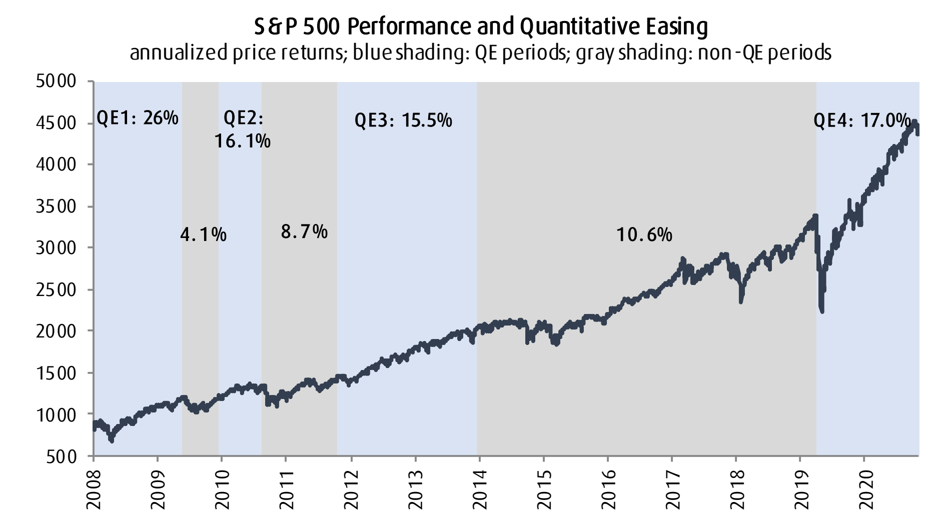
Do Not Fear a Taper Tantrum

2013 "Taper Tantrum" Actually Represented a Buying Opportunity



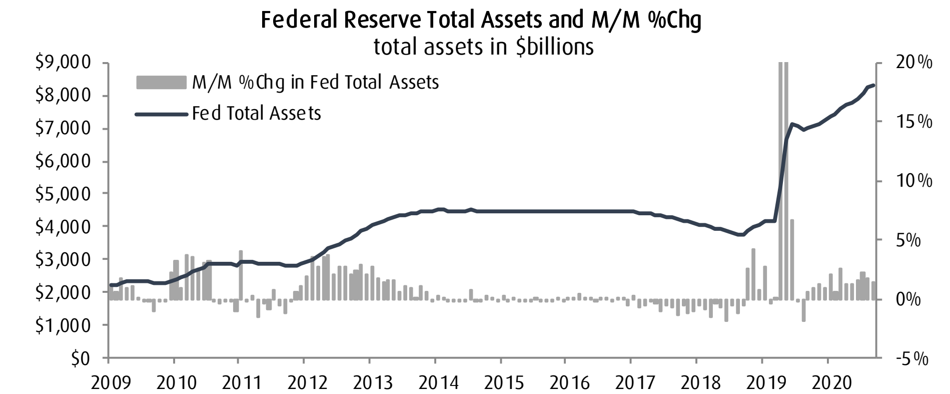
Source: BMO Investment Strategy Group, FactSet, Haver, FRB.

QE Periods Have Coincided With Outsized S&P 500 Gains, but Market Has Still Logged Decent Annualized Returns Without Fed Stimulus



Source: BMO Investment Strategy Group, FactSet, Haver, FRB.

Fed Balance Sheet Will Still Be Very Large Post-QE, Remaining Supportive of US Stocks

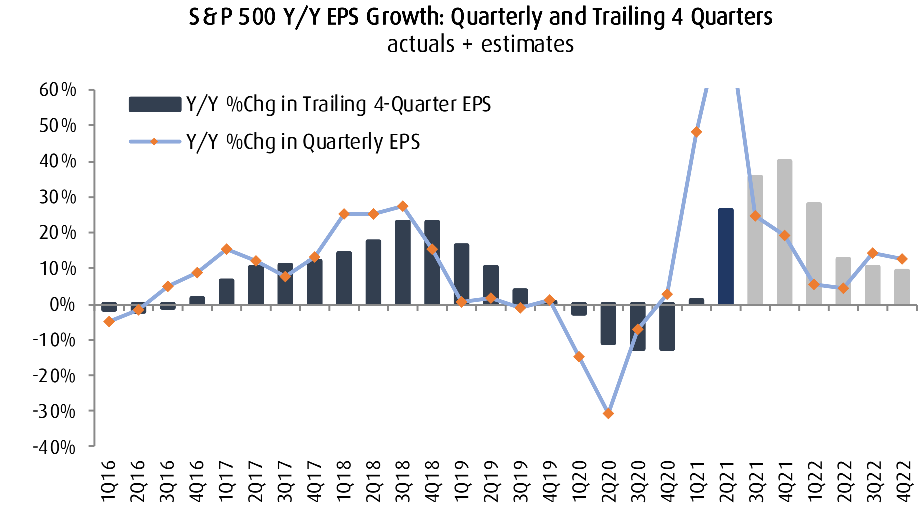


Source: BMO Investment Strategy Group, FactSet, Haver, FRB.

- In its September policy statement, the FOMC seemed to move a step closer to the start of tapering by saying that a reduction in its asset purchase program "may soon be warranted". Despite the signaling by the Fed, many clients we speak to still believe the market will have a tantrum once the tapering is officially announced.
- For our part, we do not think tapering will cause any sort of prolonged market havoc. Keep in mind that the Fed has already telegraphed QE reduction on several occasions, unlike Bernanke did back in 2013 when his initial comments on 5/22 that hinted tapering may be coming sparked a 5.8% selloff through 6/24. Even so, that peak-to-trough decline was erased just 12 trading days later amid an 8.7% recovery rally in the weeks after the taper-induced low.
    - ✓ As such, the so-called taper tantrum of 2013 actually represented a buying opportunity in US stocks. In addition, the official FOMC announcements of QE3 reduction and termination occurred on 12/18/13 and 10/29/14, respectively, during which the S&P 500 registered a 9.7% gain.
- There is no denying that quantitative easing periods have coincided with strong gains for US stocks with the S&P 500 averaging an ~18.6% annualized price return during all four of the Fed's QE programs. However, even when the Fed was not purchasing bonds, the S&P 500 still managed to log a decent 7.8% annualized price return.
- It is also important to note that even when the Fed begins reducing the pace of its bond purchases, the size of its balance sheet will remain very large for quite some time, which should continue to be supportive of US stocks.

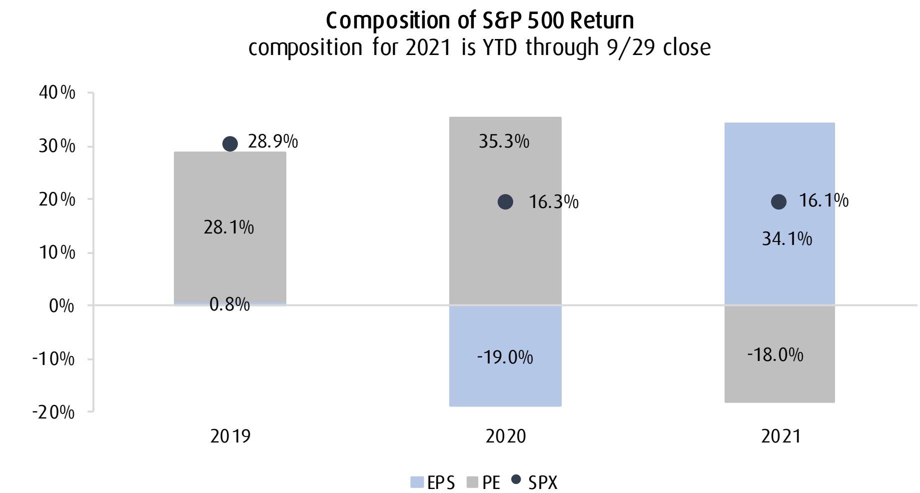
Understanding the Implications of an Earnings-Driven Market

S&P 500 Trailing 4Q EPS Expected to Grow at Double-Digit Clip Through Most of 2022



Source: BMO Investment Strategy Group, FactSet, IBES.

Unlike in Recent Years, Earnings Are Driving S&P 500 Returns in 2021 as P/E Compresses



Source: BMO Investment Strategy Group, FactSet, Bloomberg.

An EPS-Driven Environment With 10%+ EPS Growth Is a Positive Backdrop for US Stocks

Analysis of Rolling Monthly One-Year S&P 500 Performance Periods by Return Driver
since 1955

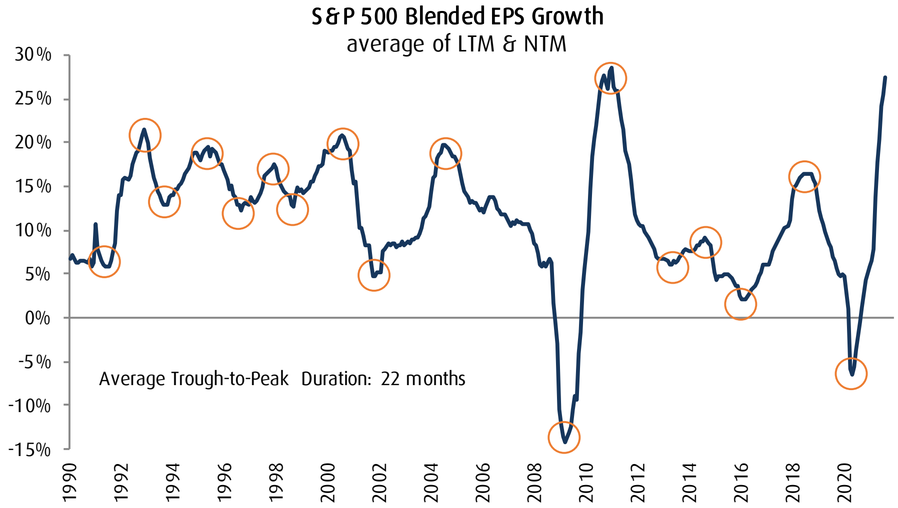
Statistic	PE Driven	EPS Driven	EPS Driven w/ 10+ EPS Growth
% of Time Occurs	43.6%	56.4%	41.6%
Average Trailing One-Year Return	14.1%	4.8%	7.5%
Standard Deviation	17.0%	13.7%	13.4%
Coefficient of Variation	1.21	2.88	1.78
Probability of Positive Return	82.8%	66.3%	75.1%
Probability of 10% Decline or Worse	8.6%	15.5%	10.2%
Probability of 10% Gain or Better	66.8%	37.5%	45.0%

Source: BMO Investment Strategy Group, FactSet, Bloomberg.

- Earnings growth has become the major driver of market performance in 2021, a trend we expect to persist in the months ahead with trailing four-quarter EPS for S&P 500 companies forecasted to grow at a double-digit clip during most of 2022.
- Throughout the year, we have continued to discuss this transition from a P/E-driven environment to an EPS-driven environment and its implications for the market. We decided to reiterate our analysis on this subject as our recent client conversations suggest that many investors are still not fully understanding what an earnings-driven market may mean for price returns and the internals of stock market performance.
- We analyzed S&P 500 performance for all rolling monthly one-year periods since 1955 and isolated those periods where performance was being driven by P/E or EPS. Our work shows that EPS-driven periods tend to exhibit lower average price returns, more dispersed returns, and a higher frequency of losses vs. P/E-driven periods. However, when diving a bit deeper and looking solely at EPS-driven periods in which S&P 500 EPS growth was 10% or more (the current and anticipated environment), performance results noticeably improved.
  - ✓ For instance, the average S&P 500 one-year price return in an earnings-driven environment with double-digit EPS growth is 7.5% with a ~75% probability of gains, 45% of which are >10% gains. This marks a substantial improvement from the 4.8% average gain, ~66% hit rate, and ~37% probability of >10% gains for EPS-driven periods generally.
- Overall, this environment of EPS-driven returns and 10+ EPS growth represents a positive backdrop for US stocks, but at the same time, requires a sharper focus on the individual merits of stocks/sectors/industries in order to generate alpha compared to a P/E-driven one, in our view.

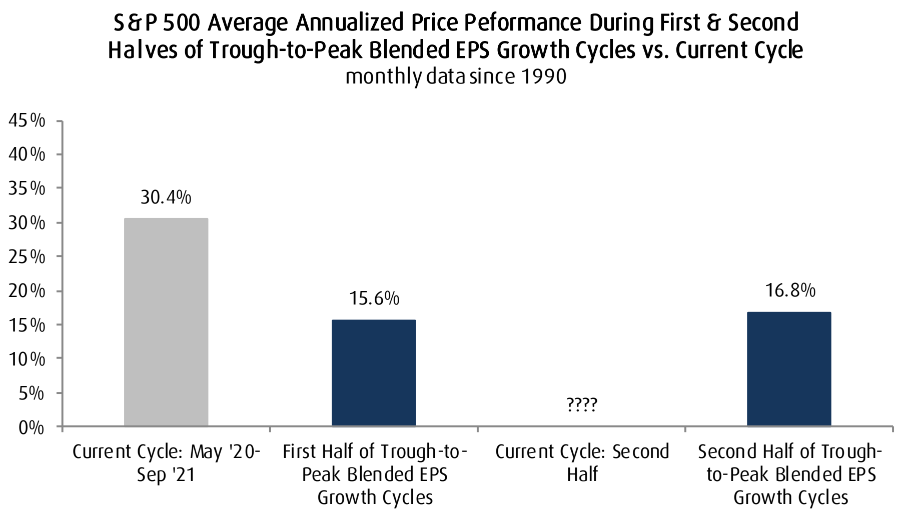
Blended Earnings Growth Cycle Still Supporting US Stock Market Performance

Our Blended EPS Growth Model for S&P 500 Companies Is Still Rising



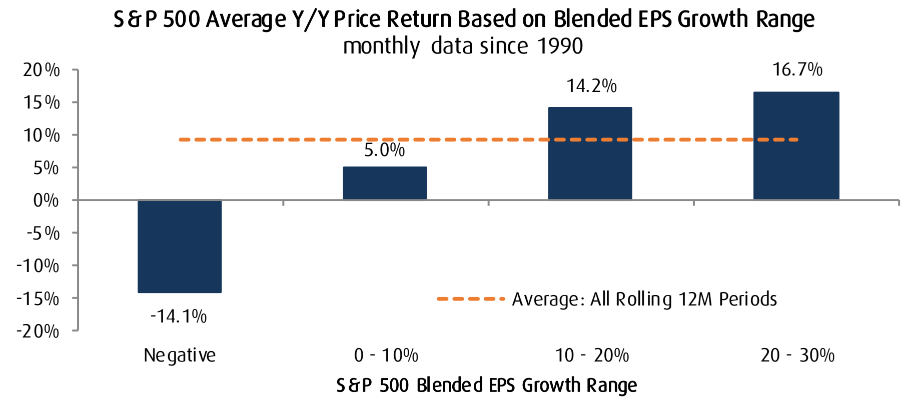
Source: BMO Investment Strategy Group, FactSet, IBES.

US Stocks Still Post Solid Annualized Gains in 2H of Trough-to-Peak EPS Growth Cycles



Source: BMO Investment Strategy Group, FactSet, IBES.

Double-Digit Blended Growth Coincides With Double-Digit Average Y/Y Price Returns



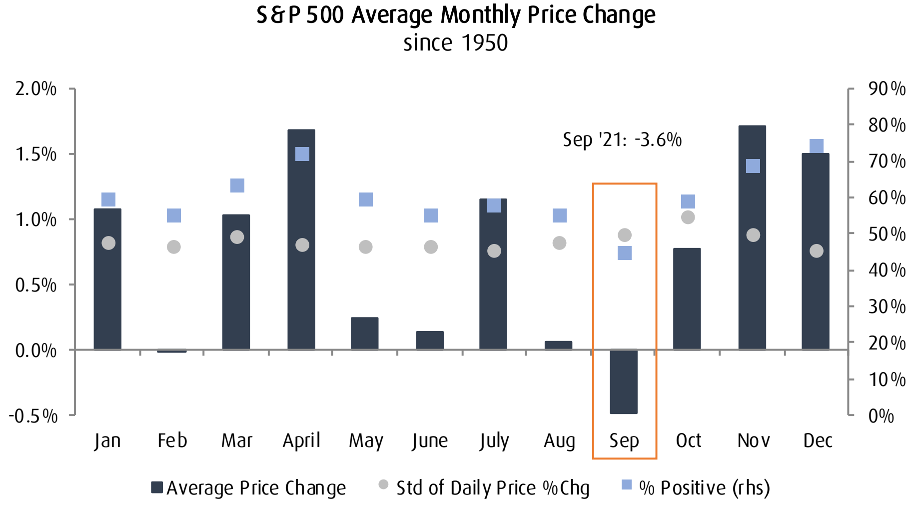
Source: BMO Investment Strategy Group, FactSet, IBES.

- With trailing 4Q EPS growth not forecasted to peak until Q4'21 (see prior page), our S&P 500 blended earnings growth model - our preferred method of analyzing profit cycles - is likely to continue to expand in the months ahead.
- Looking at the eight prior blended growth cycles since 1990, the average trough-to-peak period lasts 22 months. The most recent growth trough occurred in May '20, suggesting that the cycle is entering its 17th month with several more months of acceleration left before hitting the average duration mark. However, even if growth does end up peaking sooner than anticipated, growth rates for the market are still expected to remain elevated and in double-digit territory through Q3'22, which should be a positive backdrop for US equity performance, in our view.
- US stocks have registered a 30.4% annualized price return during this profit cycle so far through 9/29/21. That being said, history suggests that more upside is still possible as, on average, the S&P 500 has gained almost 17% on an annualized basis during 2H of trough-to-peak blended EPS growth cycles.
- We believe it is also important to consider absolute levels of EPS growth in addition to the stage of the earnings cycle. To reiterate, current consensus estimates suggest that S&P 500 EPS growth will remain in double-digit territory for most of 2022. This sort of earnings strength typically has translated into impressive market performance. For instance, we found that the S&P 500 has posted average y/y gains of 14.2% and 16.7% when growth was in the 10-20% and 20-30% ranges, respectively, well above the historical norm of 9.4% for all rolling y/y periods.

BMO Capital Markets

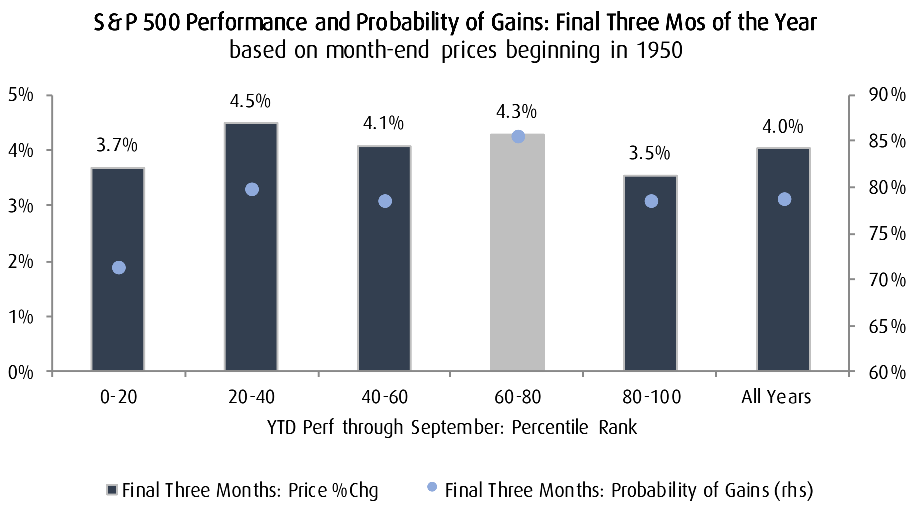
September Price Weakness Not a Harbinger of Things to Come When YTD Gains Are Strong

September Weakness Is Typically Followed by Price Strength in Final Months of the Year



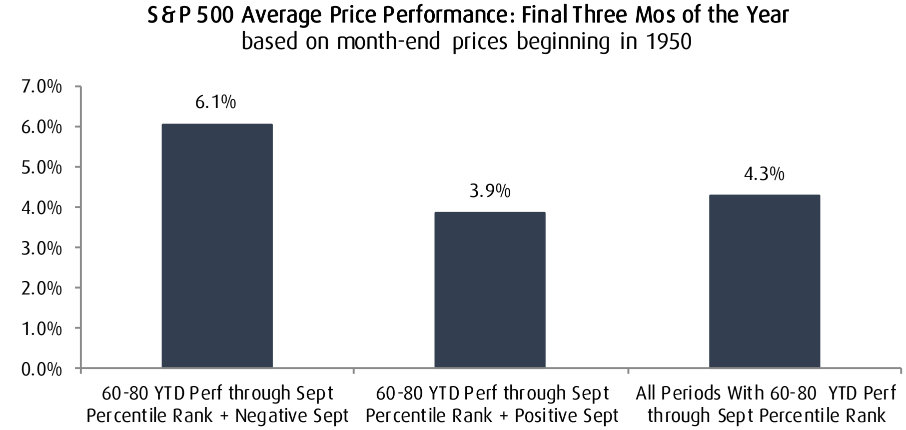
Source: BMO Investment Strategy Group, FactSet.

YTD Performance Regime Suggests Decent Gains Are in Store for Q4



Source: BMO Investment Strategy Group, FactSet.

When the S&P 500 YTD Gain Through September Ranks in the 60-80th Percentile and September Is a Down Month, Market Logs a 6.1% Gain, on Average



Source: BMO Investment Strategy Group, FactSet.

- September has certainly lived up to its moniker of the weakest month of the year with the S&P 500 falling 3.6% month to date. That being said, it is important to keep in mind that US stocks tend to rally during Q4 with November and December marking two of the strongest months of the year when it comes to price returns.
  - ✓ For instance, since 1950, the S&P 500 has registered average gains of 1.7% and 1.5% in November and December, respectively.
- For the year, US stocks are up 16.1% through 9/29, which ranks in the 77th percentile of historical price returns during the first three quarters of a year going back to 1950. Our works shows that when the market's YTD gains fall in the 60-80th percentile range, US stocks rise an additional 4.3%, on average, during the remaining three months of the year with gains occurring ~86% of the time.
- In addition, a September decline does not represent a harbinger of Q4 losses when YTD gains are strong. In fact, history shows quite the contrary.
  - ✓ During the five times since 1950 when S&P 500 performance during the first three quarters ranked in the 60-80th percentile range despite a negative September, the index logged a 6.1% average gain in the final three months, compared to a 3.9% gain when YTD returns were in the same 60-80th range, but US stocks were up in September.

Recent US Strategy Research Reports

Date	Title
	Comments, Snapshots, and Perspectives
9/22/2021	US Strategy Snapshot: Financials Weakness Represents a Buying Opportunity
9/16/2021	US Strategy Comment: Stay Overweight Industrials and Materials
9/9/2021	US Strategy Snapshot: Providing Some Context on Market Rhetoric
9/3/2021	US Strategy Snapshot: Detailing the Upward Revisions to Our Price & EPS Targets
8/30/2021	US Strategy Snapshot: Revising Our 2021 S&P 500 Price and EPS Targets Higher
8/19/2021	US Strategy Snapshot: Too Much Taper Vapor
8/13/2021	US Strategy Snapshot: Small Cap and Mid-Cap Check-Up
7/29/2021	US Strategy Snapshot: Quality and Dividend Growth Over Traditional Defensives
7/22/2021	US Strategy Snapshot: Maintain Core, Seek Opportunity When It Comes to Tech
7/15/2021	US Strategy Snapshot: Two Market Realities and a Sector Opportunity
6/25/2021	US Strategy Snapshot: 2021 Mid-Year Outlook
6/17/2021	US Strategy Comment: Preparing for the Next Stage of the EPS Growth Cycle
6/10/2021	US Strategy Snapshot: Low Quality in the Spotlight, but We Prefer High Quality
5/27/2021	US Strategy Comment: Prospect of Peak EPS Growth Creeping Into Investor Psyche
5/20/2021	US Strategy Snapshot: Our Take on the Recent Inflation Uptick
	Monthly Reports
9/7/2021	US Strategy: US Chartbook – September 2021
9/7/2021	US Strategy: US Factor Profiles – September 2021
	Podcasts
7/16/2021	Podcast - 2021 Mid-Year Update
1/26/2021	Podcast - COVID-19: The Biden Presidency and What Lies Ahead
12/15/2020	Podcast - COVID-19: What Comes Next
11/20/2020	Podcast - 2021 Market Outlook - The Year Ahead for the U.S. and Canada
11/9/2020	Podcast - Charting Investment in a Biden Presidency
11/4/2020	Podcast - Early U.S. Election Results: What We Know
6/30/2020	Podcast - Recession Recedes Even as U.S. Infections Surge
	Investment Strategy Snapshots and Special Reports
11/19/2020	Investment Strategy: 2021 Market Outlook - The Year Ahead for the U.S. and Canada
	Canadian Strategy
	Please call or e-mail us to be added to our standalone Canadian Strategy research

IMPORTANT DISCLOSURES

Analyst's Certification

I, Brian G. Belski, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Analysts employed by BMO Nesbitt Burns Inc. and/or BMO Capital Markets Limited are not registered as research analysts with FINRA. These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Company Specific Disclosures

For Important Disclosures on the stocks discussed in this report, please go to https://researchglobal0.bmocapitalmarkets.com/public-disclosure/ .

Distribution of Ratings (September 29, 2021)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	52.3 %	29.0 %	58.8 %	54.7 %	61.1 %	57.7%
Hold	Market Perform	46.8 %	21.9 %	39.7 %	44.2 %	38.2 %	37.5%
Sell	Underperform	1.0 %	40.0 %	1.5 %	1.1 %	0.6 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.

*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.

**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.

***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

~ As of April 1, 2019.

Ratings Key (as of October 2016)

We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

The total return potential, target price and the associated time horizon is 12 months unless otherwise stated in each report. BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

Prior BMO Capital Markets Rating System

(April 2013 - October 2016)
http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)
http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

Other Important Disclosures

For Important Disclosures on the stocks discussed in this report, please go to https://researchglobal0.bmocapitalmarkets.com/public-disclosure/ or write to Editorial Department, BMO Capital Markets, 3 Times Square, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

Dissemination of Research

Dissemination of fundamental BMO Capital Markets Equity Research is available via our website https://researchglobal0.bmocapitalmarkets.com/ . Institutional clients may also simultaneously receive our fundamental research via email and/or via services such as Refinitiv, Bloomberg, FactSet, Visible Alpha, and S&P Capital IQ.

BMO Capital Markets issues a variety of research products in addition to fundamental research. Institutional clients may request notification when additional research content is made available on our website. BMO Capital Markets may use proprietary models in the preparation of reports. Material information about such models may be obtained by contacting the research analyst directly. There is no planned frequency of model updates.

The analyst(s) named in this report may discuss trading strategies that reference a catalyst or event that may have a near or long term impact on the market price of the equity securities discussed. In some cases, the impact may directionally counter the analyst's published 12 month target price and rating. Any such trading or alternative strategies can be based on differing time horizons, methodologies, or otherwise and are distinct from and do not affect the analysts' fundamental equity rating in the report.

Research coverage of licensed cannabis producers and other cannabis-related companies is made available only to eligible approved North American, Australian, and EU-based BMO Nesbitt Burns Inc., BMO Capital Markets Limited, Bank of Montreal Europe Plc and BMO Capital Markets Corp. clients via email, our website and select third party platforms.

~ Research distribution and approval times are provided on the cover of each report. Times are approximations as system and distribution processes are not exact and can vary based on the sender and recipients' services. Unless otherwise noted, times are Eastern Standard and when two times are provided, the approval time precedes the distribution time.

For recommendations disseminated during the preceding 12-month period, please visit: https://researchglobal0.bmocapitalmarkets.com/public-disclosure/ .

General Disclaimer

"BMO Capital Markets" is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. Nothing herein constitutes any investment, legal, tax or other advice nor is it to be relied on in any investment or decision. If you are in doubt about any of the contents of this document, the reader should obtain independent professional advice. This material is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. BMO Capital Markets or its affiliates will buy from or sell to customers the securities of issuers mentioned in this report on a principal basis. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Additional Matters

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited is exempt from the requirement to hold an Australian financial services licence under the Corporations Act and is regulated by the UK Financial Conduct Authority under UK laws, which differ from Australian laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001) and Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

The following applies if this research was prepared in whole or in part by Colin Hamilton, Alexander Pearce or Raj Ray:

This research is not prepared subject to Canadian disclosure requirements. This research is prepared by BMO Capital Markets Limited and distributed by BMO Capital Markets Limited or Bank of Montreal Europe Plc and is subject to the regulations of the Financial Conduct Authority (FCA) in the United Kingdom and the Central Bank of Ireland (CBI) in Ireland. FCA and CBI regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 5% or more of the equity of the issuer. Canadian regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 1% or more of the equity of the issuer that is the subject of the research. Therefore each of BMO Capital Markets Limited and Bank of Montreal Europe Plc will disclose its and its affiliates' ownership interest in the subject issuer only if such ownership exceeds 5% of the equity of the issuer.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp.

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

Click here for data vendor disclosures when referenced within a BMO Capital Markets research document.

For assistance with accessible formats of online content, please contact research@bmo.com.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Harris Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia.

A member of BMO Financial Group