

As of 9/30/2023

## MARKET COMMENTARY

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The third quarter (Q3) of 2023 saw markets decline slightly in what has been an otherwise strong year for equities. After three straight quarters of positive returns, a mixture of mildly negative news – including rising interest rates, a strong dollar, and weakness in China – held down in Q3.

Inflation in the U.S. is at its highest point since the 1970s, while oil and gas prices are also at an all-time high. In this environment, demand for electric vehicles continues to increase, as does demand for lithium-based batteries. Yet, shortages affecting the rare earth metals needed for their production are hampering the ability of battery manufacturers to meet current demand. BATT has exposure to the critical metals used in the lithium-ion batteries used in electric vehicles (EVs).

BATT's primary contributors to performance in Q3 were Rivian Automotive (+45.74%), Glencore (+7.15%) and Xpeng (+36.81%).<sup>1</sup> Click [HERE](#) for BATT's top 10 holdings.

Shares of adventure-style electric vehicle maker Rivian rose as the company reported better-than-expected third-quarter vehicle deliveries. During the period, the California-based startup delivered 12,640 vehicles, compared to Wall Street estimates of 11,000 deliveries. In its Q2 report, Rivian raised its full-year production guidance to 52,000 vehicles, nearly double last year's production.

Swiss mining giant Glencore also saw its shares rise. The company is investing heavily into its business which has resulted in a sizeable growth in its earnings and a high rate of return.

Chinese-based electric vehicle battery maker Xpeng also delivered strong returns, expanding into Israel, and highlighting its customer-centric approach tailoring to the preferences of local drivers in foreign markets. The company is also strengthening its footprint in Europe.

Primary detractors from performance in Q3 included Contemporary Amperex Technology (-11.76%), and LG Energy Solutions (-16.37%).<sup>1</sup>

Chinese battery manufacturer Contemporary Amperex Technology detracted from returns. During the period, U.S.-based Ford faced scrutiny from lawmakers about its work with Contemporary Amperex to produce lower-cost cells using its technology at a factory in Michigan, resulting in Ford halting work and limiting spending on the factory's construction. At the same time, the U.S. House Ways and Means Committee asked Tesla to detail its relationship with Contemporary Amperex.

South Korea-based, LG Energy Solution, a global manufacturer of advanced lithium-ion batteries also detracted from returns yet delivered strong second quarter earnings and performance for the first half of the year. The company also revised its 2023 growth target to a mid-30 percent increase

year on year in annual revenue, which is up from the previous target of 25 to 30 percent growth announced in January.

Looking ahead, the demand for electric cars remains strong as world economies strive to reduce climate change through energy transition. While battery makers continue to be challenged by a variety of factors, governments in Europe and in the U.S. continue to promote industrial policies aimed at domestic development of EVs and their supply chain.

## PERFORMANCE

	CUMULATIVE (%)					ANNUALIZED (%)			
	1 Mo.	3 Mo.	6 Mo.	YTD	Since Inception	1 Yr.	3 Yr.	5 Yr.	Since Inception
Fund NAV	-7.32%	-12.81%	-11.35%	-2.93%	-36.55%	-7.37%	6.00%	-3.87%	-8.19%
Closing Price	-8.08%	-13.91%	-12.37%	-3.69%	-37.34%	-8.17%	5.25%	-4.09%	-8.41%
EQM Lithium & Battery Tech Index	-7.17%	-12.68%	-11.21%	-2.65%	N/A	-7.32%	N/A	N/A	N/A

*BATT's gross expense ratio is 0.59%.*

Fund inception date: 6/6/2018. *The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. For performance data current to the most recent month-end please call 855-267-3837 or visit [AmplifyETFs.com/BATT](https://AmplifyETFs.com/BATT). Brokerage commissions will reduce returns.*

<sup>1</sup> All percentages shown indicate the total return of the stock for the quarter.

***Carefully consider the Fund's investment objectives, risks, charges, and expenses before investing. This and other information can be found in the Funds' statutory and summary prospectus, which may be obtained at AmplifyETFs.com. Read the prospectus carefully before investing.***

*Investing involves risk, including the possible loss of principal. Shares of any ETF are bought and sold at market price (not NAV), may trade at a discount or premium to NAV and are not individually redeemed from the Fund. The Fund is not actively managed. The Fund invests in securities included in its Index regardless of their investment merit. Narrowly focused investments typically exhibit higher volatility. A portfolio concentrated in a single industry, such as lithium battery technology, makes it vulnerable to factors affecting the companies.*

*The Fund may face more risks than if it were diversified broadly over numerous industries or sectors. The Fund has become more susceptible to potential operational risks through breaches in cybersecurity. The Fund invests in securities that are issued by and/or have exposure to, companies primarily involved in the metals and mining industry. Investments in metals and mining companies may be speculative and subject to greater price volatility than investments in other types of companies. The exploration and development of metals involves significant financial risks over a significant period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. Rare earth metals have more specialized uses and are often more difficult to extract. The increased demand for these metals has strained supply, which could adversely affect the companies in the Fund's portfolio. Some of the companies in which the Fund will invest are engaged in other lines of business unrelated to the mining, refining and/or manufacturing of metals and these lines of business could adversely affect their operating results.*

*The Fund's assets are concentrated in the materials sector, which means the Fund will be more affected by the performance of the materials sector than a fund that is more diversified. The Fund currently has fewer assets than larger funds, and like other relatively new funds, large inflows and outflows may impact the Fund's market exposure for limited periods of time. The Fund will invest in the securities of non-U.S. companies. Investments in emerging market issuers are subject to a greater risk of loss than investments in issuers located or operating in more developed markets. The mining, refining and/or manufacturing of metals may be significantly affected by regulatory action and changes in governments. Small and/or mid-capitalization companies may be more vulnerable to adverse general market or economic developments. Electric vehicle technology is relatively new and is subject to risks associated with a developing industry.*

*The EQM Lithium & Battery Technology Index (BATTIDX) seeks to provide exposure to global companies associated the development and production of lithium battery technology and/or battery storage solutions; the exploration, production, development, processing, and/or recycling of the materials and metals used in lithium battery chemistries such as Lithium, Cobalt, Nickel, Manganese, Vanadium and/or Graphite; and/or the development and production of electric*

*vehicles. The Index inception date is 5/1/2018, and the Fund began tracking the Index as of 10/13/2020. It is not possible to invest directly in an index.*

*Amplify Investments LLC is the Investment Adviser to the Fund, and Toroso Investments, LLC serves as the Investment Sub-Adviser.*

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