As of 9/30/2023

MARKET COMMENTARY

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. The S&P 500 delivered -3.27%.

Inflation in the U.S. is at its highest point since the 1970s. Yet there seems to consensus among economists that the U.S. is in for a soft landing as the threat of a recession has declined and the Fed announced it would likely either halt interest rate spikes or raise rates just one more time in November or December.

The environment for online retail stocks remained strong, with U.S. consumer spending showing remarkable resilience, marked by robust job and income gains, a strong consumer balance sheet, and improving consumer sentiments. The U.S. unemployment rate remained stable at 3.6% and the labor participation rate among workers aged 25-54 stood at a strong 64%, returning to its pre-pandemic levels.

According to the Census Bureau of the Department of Commerce, e-commerce sales in the second quarter of 2023 accounted for 15.4 percent of total sales.[1] Total retail sales for the second quarter of 2023 were estimated at $1,798.2 billion, virtually unchanged (±0.2%) from the first quarter of 2023.[1] The second quarter 2023 e-commerce estimate increased 7.5 percent (±1.4%) from the second quarter of 2022 while total retail sales increased 0.6 percent (±0.4%) in the same period.[1]

Top performers contributing to returns in Q3 include Carvana (+61.96%), Affirm Holdings (+38.75%) and Upwork (+21.63%).[2] Click HERE for IBUY's top 10 holdings.

Shares of online used car dealer Carvana continued an upward trend in Q3, as the company turned around its losses of last year and extended debt maturities. Carvana may profit when people buy and sell used automotives through its online and mobile application, along with add-ons such as vehicle financing.

Buy now pay later fintech company Affirm saw its shares rise as it released earnings in August, showing that revenue rose 22% year over year, slightly beating analyst expectations. Affirm reported that delinquency ratings fell 0.3% year over year, a big concern for investors for a buy now, pay later business.

Freelance work site Upwork also delivered strong returns as it reported a significant positive earnings surprise during Q3. Upwork grew its gross profit margin by a full 2%, to 76%, and cut its operating spending as a percentage of revenue by 10%.

Detractors from performance in Q3 included Chewy.com (-53.74%). Overstock.com (-51.43), and Figs Inc (-28.66%).[2]

Online pet product retailer Chewy declined during Q3. The company has a system that automatically reorders pet products – these auto-ship sales represent more than 75% of Chewy's net sales showing customer loyalty. Chewy is also planning to expand into Canada. Chewy's stock price has not recovered from the 2022 bear market and it has had trouble competing with Amazon, yet the company is now profitable and showing increases in sales.

Online furniture liquidator Overstock.com experienced a stock drop following its rebrand to Bed Bath and Beyond, which it purchased in 2023. While the stock surged 76% upon news of the acquisition, it's since seen enthusiasm wane as investors see competition from other giant online retailers like Amazon. Despite potentially slower than expected customer acquisition, Overstock's balance sheet is strong, and its cash reserves may help it weather the storm.

Online healthcare and lifestyle company Figs saw shares drop despite stronger-than-expected results for the second quarter with revenue growth and profitability exceeding estimates. There is speculation that the drop could be a reaction to recent stock sales by a few insiders.

While we can't predict the future, if the economy continues its trajectory towards a soft landing and consumer spending remains strong then U.S. online retail companies may continue to benefit.

PERFORMANCE

	CUMULATIVE (%)					ANNUALIZED (%)			
	1 Mo.	**3 Mo.**	**6 Mo.**	**YTD**	**Since Inception**	**1 Yr.**	**3 Yr.**	**5 Yr.**	**Since Inception**
Fund NAV	-7.98%	-4.04%	0.64%	13.51%	78.96%	12.15%	-20.37%	-2.94%	8.13%
Closing Price	-7.98%	-4.18%	0.25%	13.59%	78.63%	12.02%	-20.38%	-2.98%	8.10%
EQM Online Retail Index	-7.94%	-3.91%	0.89%	13.98%	83.18%	12.80%	-20.11%	-2.70%	8.46%
S&P 500 TR Index	-4.77%	-3.27%	5.18%	13.07%	133.86%	21.62%	10.15%	9.92%	12.08%

IBUY's gross expense ratio is 0.65%.

Fund inception date: 4/20/2016.***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. Short-term performance, in particular, is not a good indication of the fund's future performance, and an investment should not be made based solely on returns. For performance data current to the most recent month-end visit AmplifyETFs.com/IBUY. Brokerage commissions will reduce returns.***

Indexes are unmanaged and it's not possible to invest directly in an index. The S&P 500 Total Return Index is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies.

[1] Source: www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf

[2] 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. The fund is new with limited operating history. Narrowly focused investments typically exhibit higher volatility. A portfolio concentrated in a single industry, such as the online retail industry, makes it vulnerable to factors affecting the industry. The Fund may face more risks than if it were diversified broadly over numerous industries or sectors. Investments in consumer discretionary companies are tied closely to the performance of the overall domestic and international economy, interest rates, competition, and consumer confidence.

Online retail companies are subject to risks of consumer demand and sensitivity to profit margins. Additionally, technology and internet companies are subject to rapidly changing technologies; short product life cycles; fierce competition; aggressive pricing and reduced profit margins; the loss of patent, copyright, and trademark protections; cyclical market patterns; evolving industry standards; and frequent new product introductions. Information technology companies may be smaller and less experienced companies, with limited product lines, markets or financial resources and fewer experienced management or marketing personnel. Stocks of many internet companies have exceptionally high price-to-earnings ratios with little or no earnings histories. Information technology company stocks, especially those which are internet related, have experienced extreme price and volume fluctuations that are often unrelated to their operating performance.

The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Investments in smaller companies tend to have limited liquidity and greater price volatility than large-capitalization companies. Investments in foreign securities involve greater volatility and political, economic, and currency risks and differences in accounting methods. The Fund's return may not match or achieve a high degree of correlation with the return of the underlying Index. To the extent the Fund utilizes a sampling approach, it may experience tracking error to a greater extent than if the Fund had sought to replicate the Index.

EQM Indexes is the Index Provider for the Fund. EQM Indexes is not affiliated with the Trust, the Investment Adviser or the distributor. The Investment Adviser has entered into a license agreement with EQM Indexes to use the Online Retail Index. The Fund is entitled to use its Index pursuant to a sublicensing arrangement with the Investment Adviser.

Amplify Investments LLC serves as the investment advisor and Penserra Capital Management LLC serves as sub advisor to the fund.

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