

# BATT Quarterly Commentary

## Staying Up-To-Date On Battery Technology And The Power Behind Clean Energy

Broad equity markets suffered their first quarterly declines since the onset of the Covid-19 pandemic in Q1 2020. The quarter was marked by the Russian invasion of Ukraine, accelerated inflation and the Federal Reserve starting to hike interest rates. The S&P 500 fell 5%, while the Nasdaq Composite Index fell 20% as investors sold their pandemic darlings and valued tech stocks. Yet after hard corrections in both January and February, the S&P 500 ended the month of March up 3.6%, and the Nasdaq up 3%. Non-US markets also declined with the MSCI All Country World Index returning -5.40%, the S&P Retail Index falling 16.27% and the MSCI EM Index falling 7.0%.

Many indicators point to a U.S. economy that's faring well, with the unemployment market reaching a pre-pandemic rate of 3.5%—a 50-year low—and consumers continuing to spend amid rising prices as the Covid-19 pandemic recedes. Investors remain wary as the yield curve inverted for the first time since 2019, indicating potential signs of a recession on the horizon.

BATT, which has exposure to critical metals used in the lithium-ion batteries used in electric vehicles (EVs), was impacted by rising prices in raw materials, including nickel, as a ripple effect of the Russian invasion of Ukraine.

Russia produces 7% of the world's nickel. Risks of supply interruptions resulting from the Russian invasion of Ukraine sent prices for the metal soaring, raising investor interest in nickel mining companies.

Top performing contributors to BATT for the period were mining companies BHP Group (34.05%) and Glencore (29.57%), and fertilizer producer Sociedad Quimica y Minera de Chile (69.74%). Click [here](#) for BATT's top 10 holdings.

Mining company BHP Group saw shares rise on expanded operations in both its native Australia and in Canada, increasing its nickel capacity by up to 50% per year.

Switzerland-based metal and minerals company Glencore reported record earnings, also led by the global surge in commodities prices amid the widespread deficits.

Chilean-based fertilizer company Sociedad Quimica y Minera de Chile reported strong earnings growth on surging demand for lithium.

BATT's primary performance detractor for the period was Norilsk Nickel (-85.57) a Russian equity that was halted as Russian equity markets closed indefinitely on February 28. Norilsk Nickel, or Nornickel, a Russian nickel and palladium mining and smelting company, has also long been the world's leading producer of the nickel.

Shares of electric vehicle manufacturers Lucid Group, Inc. (-33.25%), BYD Co. (-16.20%) and Xpeng, Inc. (-45.18%) also detracted from performance due in part to soaring nickel and material prices.

In addition to suffering the effects of soaring nickel prices, Lucid Group had trouble fulfilling its reservations, attributing the shortfall on bottlenecks from suppliers of windshield glass, carpeting and some exterior trim parts.

China's largest electric vehicle maker BYD Co. was down sharply during the quarter as

# BATT

AMPLIFY LITHIUM & BATTERY  
TECHNOLOGY ETF

**BATT** is a portfolio of companies generating significant revenue from the development, production and use of lithium battery technology, including: 1) battery storage solutions, 2) battery metals & materials, and 3) electric vehicles. BATT seeks investment results that correspond generally to the EQM Lithium & Battery Technology Index.

### FUND FACTS

Ticker	BATT
CUSIP	032108805
Intraday NAV	BATT.IV
Benchmark	EQM Lithium & Battery Technology Index
Expense Ratio	0.59%
Inception Date	6/6/2018
Exchange	NYSE Arca

### INDEX DETAILS

Index Name	EQM Lithium & Battery Technology Index
Index Ticker	BATTIDX
Weighting	Modified Market-Cap
Rebalance	Quarterly
Website	<a href="http://eqmindexes.com">eqmindexes.com</a>

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the company was forced to raise prices due to rising costs, which exacerbated supply chain disruption. Finally, despite positive earnings and analyst reports, Chinese electric vehicle manufacturer Xpeng Inc also saw its shares fall in this difficult environment.

Looking ahead, nickel production is forecast to increase 10% this year and some forecasts claim that demand will outpace supply by 2024, leading to even higher prices in the future.<sup>1</sup> This could prove challenging for electric vehicle producers. Six million electric cars (battery electric and plug-in hybrid) are predicted to be shipped in 2022, up from 4 million in 2021, as governments across the world introduce regulations and incentives to fuel EV sales, according to a forecast by Gartner, Inc.<sup>2</sup>

## BATT PERFORMANCE

Quarter End as of March 31, 2022

	Cumulative (%)					Annualized (%)		
	1 Mo.	3 Mo.	6 Mo.	YTD	Since Inception	1 Yr.	3 Yr.	Since Inception
Fund NAV	3.08%	-3.77%	2.16%	-3.77%	-7.70%	16.23%	13.49%	-2.08%
Closing Price	1.96%	-4.50%	2.14%	-4.50%	-8.29%	14.81%	13.12%	-2.24%
EQM Lithium & Battery Tech Index	3.18%	-3.67%	2.31%	-3.67%	N/A	16.69%	N/A	N/A

**BATT's gross expense ratio is 0.59%. Fund inception date: (6/6/18). 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.**

1 Source: Reuters: "LME nickel soars by a record 30% on Russia supply concerns," March 7, 2022 <https://www.reuters.com/markets/europe/nickel-prices-soar-supply-angst-russia-ukraine-crisis-escalates-2022-03-07/#:~:text=Russia%20accounts%20for%20around%207,since%20June%202007%20at%20%2437%2C800>.

2 Source: Gartner: "Gartner Forecasts 6 Million Electric Cars Will Be Shipped in 2022." <https://www.gartner.com/en/newsroom/press-releases/2022-01-26-gartner-forecasts-6-million-electric-cars-will-be-shipped-in-2022>

**Carefully consider the Fund's investment objectives, risk factors, charges, and expenses before investing. This and additional information can be found in Amplify Funds statutory and summary prospectus, which may be obtained above or by calling 855-267-3837, or by visiting [AmplifyETFs.com](https://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 (BAT-TIDX) 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.

Amplify ETFs are distributed by Foreside Fund Services, LLC.



### QUESTIONS?

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