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HEDGE YOUR DIVIDENDS
WITH THIS DIVIDEND + OPTION INCOME ETF

Actively-managed ETF combines blue-chip stocks + tactical covered call options in one investment

ETF.COM AWARD FINALIST FOR BEST NEW ACTIVE ETF!*

DIVO, a new ETF from Amplify ETFs, was recently nominated for "Best New Active ETF." DIVO (Amplify YieldShares CWP Dividend & Option Income ETF) is a professionally-managed equity income portfolio that seeks to provide investors both dividend and option income on a quarterly basis. The strategy is managed by DIVO's sub-advisor, Capital Wealth Planning (CWP).

In this interview, Christian Magoon, CEO and Founder of Amplify ETFs, asks Kevin Simpson, CIO and Founder of CWP, to discuss how DIVO fits into investors' portfolios.

Q. Christian Magoon: Dividend ETFs have been popular for a while. How did you select the dividend stocks in the portfolio?

A. **Kevin Simpson:** When we talk about dividends, we're not just talking about high-yield dividends. For DIVO, we wanted dividend growth. We wanted to own companies that have a history of increasing dividends over time. Just as important, if not more important, we wanted to be sure that they have increased earnings and free cash flow to support those dividend increases.

Q. Magoon: The option portion of DIVO, a kind of turbo charge, helps make this a distinct dividend ETF. Can you explain how you generate option income from covered calls?

A. **Simpson:** A covered call gives someone the right, but not the obligation, to purchase a stock. The exciting feature of DIVO is that it's the first ETF of its kind from an active management standpoint. Not only are we actively managing the underlying securities, but we also tactically and actively manage the covered call overlay. DIVO is the first non-mechanical covered call strategy

In the case of DIVO, we can sell out of the covered calls; we have the ability to generate a little bit of potential upside, if the stocks in the portfolio rise. It also allows us to generate the dividend income that we're entitled to while we own the stock and the premium from the option from selling the call.

DIVO
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PARTNER INSIGHTS

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Q. Magoon: So with a covered call, you are not able to capture all of the potential upside of a rising stock?

A. **Simpson:** Although the covered call may not allow us to capture all of the upside, there is a feature within the strategy that allows us to generate some appreciation, dividend income, and options premiums.

Q. Magoon: Your firm has experience using covered calls. How does this experience relate to DIVO?

A. **Simpson:** Our firm has over 10 years of experience using covered calls in our investment approach. We're excited to channel this experience in DIVO, which we believe is unique due to its active component and its simplicity.

Q. Magoon: Why does that appeal to investors?

A. **Simpson:** Investors are looking for income, but they want income in a way that they can understand. Inside DIVO are 20-25 blue-chip, dividend-paying stocks, dividend-growers that people know and feel comfortable with, in our opinion.

Q. Magoon: What is DIVO's distribution potential?

A. **Simpson:** The strategy seeks to provide gross annual income of approximately 2-3% from dividend income and 2-4% from option premium. ▲

Carefully consider the Funds' investment objectives, risk factors, charges and expenses before investing. This and additional information can be found in the Funds' prospectuses, which may be obtained on the Funds' web pages or by calling 855-267-3837. Read the prospectus carefully before investing.

Past performance does not guarantee future results.

Investing involves risk, including the possible loss of principal. The fund is new with limited operating history. You could lose money by investing in the Fund. An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. There can be no assurance that the Fund's investment objectives will be achieved. Covered call risk is the risk that the Fund will forgo, during the option's life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but has retained the risk of loss should the price of the underlying security decline. The Fund may invest in mid-capitalization companies. This may cause the Fund to be more vulnerable to adverse general market or economic developments because such securities may be less liquid and subject to greater price volatility than those of larger, more established companies. Because the Fund is non-diversified and can invest a greater portion of its assets in securities of individual issuers than a diversified fund, changes in the market value of a single investment could cause greater fluctuations in Share price than would occur in a diversified fund.

Opinions expressed are subject to change at any time, are not guaranteed and should not be considered investment advice.

*The ETF Awards are designed to recognize the people, companies and products that are driving the ETF industry forward and delivering new value to investors. The awards process began with an open nomination period running from Dec. 5, 2016, through Jan. 4, 2017. Following the open nominations process, the ETF.com Awards Nominating Committee—made up of senior leaders at ETF.com, Inside ETFs and FactSet—voted to select up to five finalists in each category. Votes are tallied on a majority basis. Winners from these finalists will be selected by a majority vote of the ETF.com Awards Selection Committee, a group of independent ETF experts. Committee members will recuse themselves from voting in any category in which they or their firms appear as finalists. Ties will be decided where possible with head to head runoff votes. Voting will be complete by Jan. 20, 2017 and announced at the ETF.com U.S. Awards Dinner on March 30, 2017.

Free cash flow is a measure of a company's financial performance, calculated as operating cash flow minus capital expenditures.

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