

## Q2 2020 Commentary

International retail e-commerce thrived in the second quarter as people flocked to the digital universe for personal and work needs amid the COVID-19 pandemic.

The Amplify International Online Retail ETF (XBUY) advanced in the second quarter as accommodative fiscal and monetary policies globally boosted financial markets. XBUY also benefited from the shift in sales away from brick and mortar stores into online channels.

As consumers stayed home in record numbers in the second quarter, several holdings posted triple-digit gains in the second quarter, resulting in increased online traffic.

Australia-based retail and services firm Kogan.com, was up as the most significant contributor. The company continued to benefit from robust earnings growth.<sup>1</sup> Online work platform Fiverr International Ltd was another notable contributor, increasing as the boom in remote work in the gig economy boosted its share price.<sup>2</sup>

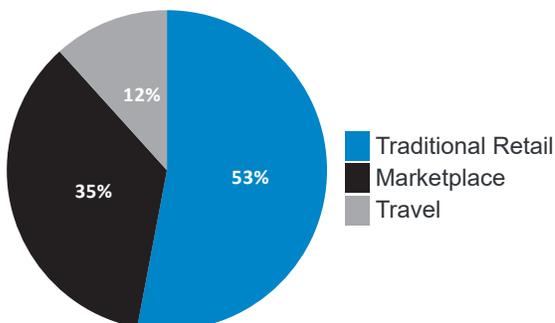
Other notable contributors were U.K.-based online fashion and cosmetics retailer Asos PLC, which gained and Canadian multinational e-commerce firm Shopify Inc., which rose as well.

Underperforming names in Q2 included China-based Yunji Inc., which declined on the back of lower first-quarter earnings<sup>3</sup> and China's Uxin Ltd. Japan-based Kitanotatsujin Corp. also detracted from performance.

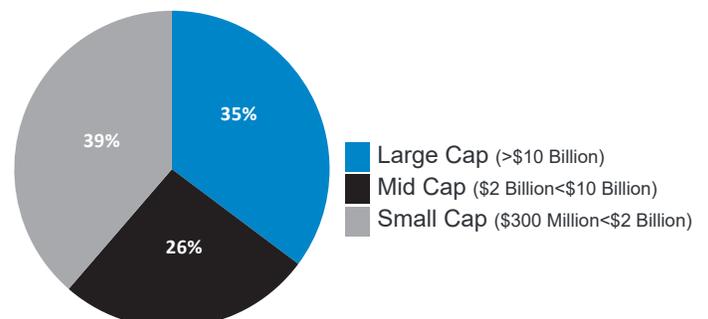
Looking ahead, shifting the winds of change may continue to fuel demand for online e-commerce globally. "The shift to digital ways of shopping has been undeniable, while everything else has been incredibly unpredictable," says Steve Sadove, Mastercard senior advisor. "The question is, what changes will stick around for the long-term. Investing in your home and local shopping are two recent trends. Heightened demand for touchless services is another, which could have a tremendous impact on what stores will look like and how they blend their online and brick and mortar footprints."<sup>4</sup>

### XBUY ETF International Online Retail & Market Cap Breakdown (as of 06/30/20)

Online Retail



Market Cap



***XBUY seeks investment results that generally correspond (before fees and expenses) to the price performance of the EQM International Ecommerce Index. The Index seeks to measure the performance of equity securities issued by non-U.S. companies that derive at least 90% of their revenue from online business transactions or e-commerce platforms.***

***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. Read the prospectus carefully before investing.***

XBUY Top 10 Holdings

Past performance does not guarantee future results.

Investing involves risk, including the possible loss of principal. The fund is new with limited operating history. 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. Brokerage commissions will reduce returns. 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.

The EQM International Ecommerce Index seeks to measure the performance of equity securities (common stock and depositary receipts) issued by non-U.S. companies that derive at least 90% of their revenue from online business transactions or e-commerce platforms. The Index is premised on the principle that companies that currently derive a significant portion of their revenues from online and/or virtual business transactions may be better positioned to benefit from the projected growth in online retail activity than those companies deriving on a portion of their revenues from such activities.

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.

Amplify ETFs are distributed by Foreside Fund Services, LLC.

<sup>1</sup> Source: Simply Wall St., 2020

<sup>2</sup> Source: The Sydney Morning Herald, 2020

<sup>3</sup> Source: Bloomberg, 2020

<sup>4</sup> Source: Mastercard SpendingPulse, 2020

**QUESTIONS?**

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