

# BLOK

AMPLIFY TRANSFORMATIONAL  
DATA SHARING ETF

## The BLOK-Chain Monthly

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Staying Up-to-date with the Rapidly Evolving  
Blockchain and Crypto Ecosystem

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Sharing ETF (BLOK)

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## THE MANDATE

The Amplify Transformational Data Sharing ETF (BLOK) is the first actively managed fund seeking to identify the leading companies focused on the transformation and development of the blockchain and cryptocurrency markets. The managers focus on how companies may capture the growth, innovation, and disruption of the blockchain paradigm shift. The evolution of the internet changed how people communicate. We believe growth companies that embrace the blockchain evolution will capture secular growth trends that are accelerating and disrupt core processes in business. According to MarketsandMarkets, the size of the blockchain market is expected to grow from \$3 billion in 2020 to \$39.7 billion by 2025 – a compound annual growth rate (CAGR) of 67.3%.

## TOP 10 HOLDINGS *As Of 2/28/2022*

Ticker	Company	% Weight
SI	Silvergate Capital	4.58%
8473 JP	SBI Holdings	4.47%
COIN	Coinbase Global	4.47%
NVDA	NVIDIA CORP	4.47%
CME	CME Group	4.28%
GLXY CN	Galaxy Digital	3.83%
9449 JP	GMO INTERNET INC	3.75%
OSTK	Overstock	3.56%
HIVE CN	HIVE BLOCKCHAIN TECHNOLOGIES	3.55%
HUT CN	HUT 8 MINING CORP	3.38%

*Holdings and allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security.*

## FEBRUARY MONTHLY HIGHLIGHTS

The fund increased 2.07% in February following two months of decline. To that point, while multiples on growth companies have been compressed, we would highlight that growth among blockchain-focused companies continues to show strong prospects as the core building of the essential infrastructure continues to expand.

*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, was attributable to unusually favorable conditions that are likely not sustainable, and such conditions might not continue to exist. An investment should not be made based solely on returns.*

*For performance data current to the most recent month-end please call 855-267-3837 or visit [BLOKETF.com](https://www.blokETF.com). Brokerage commissions will reduce returns. BLOK's gross expense ratio is 0.71%.*

## BLOK PORTFOLIO UPDATES

While we highlighted Overstock (OSTK) and Stronghold Digital (SDIG) in our previous [BLOK-Chain Monthly](#), these were the only meaningful changes we made during the month. We have followed the Overstock – tZERO/Medici ventures for years. Recently, news spread that David Goones, a successful 20-year veteran of Intercontinental Exchange (ICE), will be stepping up to become the CEO of t-ZERO with the investment backing of ICE. We believe this is a very positive step forward for both firms and that the blockchain will have significant effects on investment platforms. The increase in the position in Stronghold reflects our discipline regarding site visits and diversification. Stronghold may only be a 1.2% position, but our approach to the crypto mining space requires us to focus on different operating models. To this point, while Stronghold gets a great deal of credit for a focus on ESG (Environmental, Social, and Governance), its moat-like business model is not well understood. As a result of its focus on reducing the mountains of waste coal through vertical-integration, it has a built-in hedge against energy prices. We have received inquiries about the implications of rising energy costs due to the war in Ukraine. Whether other miners are truly hedged against this price action is unclear and dependent on locations and contracts, but again, we are diversified in our approach. We would expect that the rise in difficulty rate that affect the number of bitcoin rewards, facility shutdowns due to cold weather and most importantly, bitcoin price action were more significant headwinds during the month than energy price<sup>1</sup>.

The attribution analysis below highlights that Silvergate Capital, MicroStrategy Inc and Overstock.com were the biggest contributors to the fund's performance at 0.76%, 0.68%, and 0.64%, respectively. Paypal Holdings' offset much of this positive performance declining 1.29%.

<sup>1</sup> The difficulty is automatically adjusted based the amount of computational power on the network, or hashrate, to keep the time it takes to mine a block roughly stable at 10 minutes. The higher the hashrate, the higher the difficulty, and vice versa <https://www.bitpanda.com/academy/en/lessons/what-does-mining-difficulty-mean/> and <https://www.blockchain.com/charts/difficulty>

## THE CRYSTAL BALL AND MANAGING RISK

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We all want smart regulation like we want smart beta, but exactly what form that takes is the question. For this reason, given the war is everyone's first priority, we were encouraged by President Biden's decision to move forward with an Executive Order to study crypto-currency regulations. Studies may take 180 days to complete, but having the clock start ticking on this important issue will offer the benefit of clarity for many in the industry. Silvergate Capital, a core holding in the portfolio, has a leadership position in the opportunity for stable coins. There seems to be some coordinated effort among the major exchanges to abide by the US National Security Council causing sanctioned Russian individuals and organizations to use crypto/digital currencies to evade sanctions. Way too often, people think the movement around crypto cannot be traced or is not covered by KYC regulations. This is mostly wrong; buyer of Bitcoin/Crypto beware!

We are seeing some interesting trends in the crypto-mining space that confirm the need for consolidation and/or diversification. HUT8 recently announced an acquisition that takes it into the rapidly growing gaming market. Access to capital remains a major hurdle for small miners, who are holding their Crypto/Bitcoin and growing by diluting their shareholders. All this confirms that ultimately, the bigger operations now have a competitive advantage. This is important to highlight in the context of how the trend in difficulty rates may sputter because the price of Bitcoin has not kept up with the challenges of mining for more Bitcoin.

## SUMMARY

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The fund increased 2.07% in February following two prior months of decline. Silvergate, Overstock, and Stronghold were the biggest contributors to the fund's performance during the month. Regulations are in the spotlight that will offer clarity on many important issues. This is since clarity is what the market broadly needs. Successful miners can expand through diversification or remain focused on just being the biggest—they cannot remain small. Most are determined to hold and raise capital through debt or equity dilution.

**APPENDIX: Monthly Detailed Performance Contribution Chart** *For period 2/1/22 - 2/28/22*

	% Average Weight	Total Return (%)	Contribution to Return (%)
<b>AMPLIFY TRANSFORMATIONAL DATA SHARING ETF</b>	<b>100</b>	<b>2.07</b>	<b>2.07</b>
<b>Communication Services</b>	<b>3.9</b>	<b>-3.9</b>	<b>-0.16</b>
TWITTER INC	1.16	-5.23	-0.06
Z HOLDINGS CORP	2.74	-3.31	-0.1
<b>Consumer Discretionary</b>	<b>3.48</b>	<b>15.46</b>	<b>0.63</b>
OVERSTOCK.COM INC	2.97	18.69	0.64
RAKUTEN GROUP INC	0.51	-1.65	-0.01
<b>Financials</b>	<b>30.5</b>	<b>3.8</b>	<b>1.11</b>
CME GROUP INC	4.4	3.06	0.14
COINBASE GLOBAL INC -CLASS A	4.54	0.33	0.01
CUSTOMERS BANCORP INC	1.48	5.57	0.08
EQONEX LTD	0.04	-3.61	-0.01
GALAXY DIGITAL HOLDINGS LTD	3.91	-1.97	-0.07
MOGO INC	1.27	5.74	0.08
NEW YORK COMMUNITY BANCORP	0.75	0.96	0
ROBINHOOD MARKETS INC - A	0.74	-15.12	-0.12
SBI HOLDINGS INC	4.6	2.04	0.07
SIGNATURE BANK	1.81	13.22	0.22
SILVERGATE CAPITAL CORP-CL A	4.19	18.88	0.76
VONTOBEL HOLDING AG-REG	1.23	-3.58	-0.06
WISDOMTREE INVESTMENTS INC	1.5	0.89	0.02
<b>Information Technology</b>	<b>56.67</b>	<b>0.36</b>	<b>0.27</b>
ACCENTURE PLC-CL A	2.94	-10.62	-0.33
ADVANCED MICRO DEVICES	2.23	7.96	0.19
ARGO BLOCKCHAIN PLC	2.4	-5.34	-0.13
BIGG DIGITAL ASSETS INC	0.47	-7.88	-0.02
BITFARMS LTD/CANADA	3.02	4.64	0.15
BLOCK INC	2.09	4.26	0.04
CANAAN INC	1.27	22.56	0.23
COMPOSECURE INC	1.07	-8.18	-0.09
CORE SCIENTIFIC INC	1.29	5.99	0.09
DIGITAL GARAGE INC	3.15	-0.93	-0.04
GMO INTERNET INC	3.7	7.01	0.24
HIVE BLOCKCHAIN TECHNOLOGIES	3.53	4.3	0.14
HUT 8 MINING CORP	3.61	3.49	0.12
INTL BUSINESS MACHINES CORP	2.95	-7.15	-0.22
MARATHON DIGITAL HOLDINGS IN	2.84	7.69	0.19
MASTERCARD INC - A	0.94	-6.62	-0.06
MICROSTRATEGY INC-CL A	3.5	20.38	0.68
NVIDIA CORP	4.52	-0.41	-0.02
PAYPAL HOLDINGS INC	1.88	-34.9	-1.29

## APPENDIX: Monthly Detailed Performance Contribution Chart For period 2/1/22 - 2/28/22

	% Average Weight	Total Return (%)	Contribution to Return (%)
RIOT BLOCKCHAIN INC	3.34	8.09	0.24
STRONGHOLD DIGITAL MINING-A	1.24	41.21	0.43
TAIWAN SEMICONDUCTOR-SP ADR	1.34	-12.74	-0.18
VISA INC-CLASS A SHARES	0.88	-4.28	-0.04
VOYAGER DIGITAL LTD	2.47	-1.95	-0.02
<b>Not Classified</b>	<b>5.46</b>	<b>4.69</b>	<b>0.22</b>
3IQ COINSHARES BITCOIN ETF	1.25	0.27	0
BITCOIN ETF-USD	0.25	9.08	0.02
CHINA RENMINBI	0	0.84	0
HENDR 2006-1A A1	0.55	0	0
NOCTURNE ACQUISITION CORP	0.41	13.55	0.05
PURPOSE BITCOIN ETF	1.67	8.73	0.14
STIT GOVT & AGENCY-INST	1.33	0	0
US DOLLAR	0	0	0

## BLOK PERFORMANCE

*Quarter End as of December 31, 2021*

	Cumulative (%)					Annualized (%)		
	1 Mo.	3 Mo.	6 Mo.	YTD	Since Inception	1 Yr.	3 Yr.	Since Inception
Fund NAV	-17.27	2.05	-3.82	31.58	140.99	31.58	47.34	24.9
Closing Price	-16.92	2.87	-3.67	31.28	141.72	31.28	47.85	24.99

*Fund inception date: (1/17/2018). The performance data quoted represents past performance. Past performance does not guarantee future results.*

*Recent short-term performance is attributable to unusually favorable conditions that are likely not sustainable, and such conditions might not continue to exist.*

*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 please call 855-267-3837 or visit [BLOKETF.com](http://BLOKETF.com). Brokerage commissions will reduce returns. BLOK's gross expense ratio is 0.71%.*



**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.**

Click [HERE](#) for BLOK's top 10 holdings.

Click [HERE](#) for BLOK's prospectus.

*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's return may not match or achieve a high degree of correlation with the return of the underlying Index.*

The Fund is subject to management risk because it is actively managed. Narrowly focused investments typically exhibit higher volatility. A portfolio concentrated in a single industry, such as companies actively engaged in blockchain 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. Blockchain technology may

never develop optimized transactional processes that lead to realized economic returns for any company in which the Fund invests.

The Fund invests at least 80% of the Fund's net assets in equity securities of companies actively involved in the development and utilization of blockchain technologies. Such investments may be subject to the following risks: the technology is new and many of its uses may be untested; theft, loss or destruction; competing platforms and technologies; cybersecurity incidents; developmental risk; lack of liquid markets; possible manipulation of blockchain-based assets; lack of regulation; third party product defects or vulnerabilities; reliance on the Internet; and line of business risk. The investable universe may include companies that partner with or invest in other companies that are engaged in transformational data sharing or companies that participate in blockchain industry consortiums. The Fund will invest in the securities of foreign companies. Securities issued by foreign companies present risks beyond those of securities of U.S. issuers.

The Fund may have exposure to cryptocurrencies such as bitcoin indirectly through investment funds, including through an investment in the Bitcoin Investment Trust ("GBTC"), a privately offered, open-end investment vehicle. Even when held indirectly, investment vehicles like GBTC may be affected by the high volatility associated with cryptocurrency exposure. Holding a private-

ly offered investment vehicle in its portfolio may cause the Fund to trade at a premium or discount to NAV. Many significant aspects of the U.S. federal income tax treatment of investments in cryptocurrencies are uncertain and such investments, even indirectly, may produce non-qualifying income for purposes of the favorable U.S. federal income tax treatment generally accorded to regulated investment companies.

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?

**Visit** [AmplifyETFs.com/BLOK](https://AmplifyETFs.com/BLOK)

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