

BLOK

AMPLIFY TRANSFORMATIONAL
DATA SHARING ETF

The BLOK-Chain Monthly

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

By [Dan Weiskopf](#) and [Mike Venuto](#)

Co-Portfolio Managers of the Amplify Transformational Data
Sharing ETF (BLOK)

September 2022

THE MANDATE

The Amplify Transformational Data Sharing ETF (BLOK) is an 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 can capture the growth, innovation, and disruption of the blockchain paradigm shift. The evolution of the internet has changed how people communicate. We believe growth companies that embrace blockchain evolution will capture secular growth trends that are accelerating and disrupting core processes in business. We think this is an important secular trend, as Gartner forecasts business value generated by the blockchain could be \$176 billion by 2025, and \$3.1 trillion by 2030.¹

AUGUST MONTHLY HIGHLIGHTS

In August, the Fund's value went down 4.55% and the attribution analysis shows the breadth of decline was broad. It is noteworthy to highlight that Bitcoin declined by about 15-16% during the month. MicroStrategy (MSTR) was down 19% and negatively impacted the Fund by about 1%. As a reminder, it is a top 5 position and started the month at 5.26%. During the month, noteworthy news out of MicroStrategy came as Mr. Saylor, after 33 years, stepped aside as the CEO to further empower the company's new President, and focus his energy on the firm's Bitcoin holdings. As per the interview, we did not see this news as a strategic shift in corporate strategy.²

Coinbase Global (COIN), which was up 6.1%, was the exception during the month and deservedly so. On August 4th, it was announced that Blackrock (BLK) and COIN were partnering in offering institutional services, which included custody by Coinbase Prime and Risk tools by Blackrock's Aladdin.³

During August, the position in Hut8 Mining (HUT) was increased and the position in Stronghold Digital Mining (SDIG) was sold. We remain with about 20% exposure to the miners, which is at the strategic lower end of the Fund's historic exposure.

THE CRYSTAL BALL AND MANAGING RISK

The market's apathetic reaction toward the fact that the largest asset manager in the world is now planning to offer an institutional grade solution for ownership of Bitcoin reflects both the fact that institutional investor adoption of Bitcoin is now a reality and how speculative conditions have reversed. We would argue that had this announcement occurred in 2021 Bitcoin would have moved to even higher highs. Arguably, when investors look towards asset classes with a sense of apathy or despondency after a massive correction historically, they are past the point of capitulation and potentially getting ready for sentiment to turn positive. Ultimately, like with so many risk assets, we would expect the interest rate action by the U.S. Federal Reserve to be the catalyst to springboard prices higher in 2023.

1 <https://www.gartner.com/en/doc/3855708-digital-disruption-profile-blockchains-radical-promise-spans-business-and-society#:~:text=Gartner%20forecasts%20that%20the%20business,and%20%243.1%20trillion%20by%202030.>

2 <https://finance.yahoo.com/news/q-dan-weiskopf-saylor-microstrategy-220625626.html> and <https://www.microstrategy.com/en/investor-relations/press/microstrategy-announces-separation-of-chairman-and-ceo-roles-and-second-quarter-2022-financial-results>

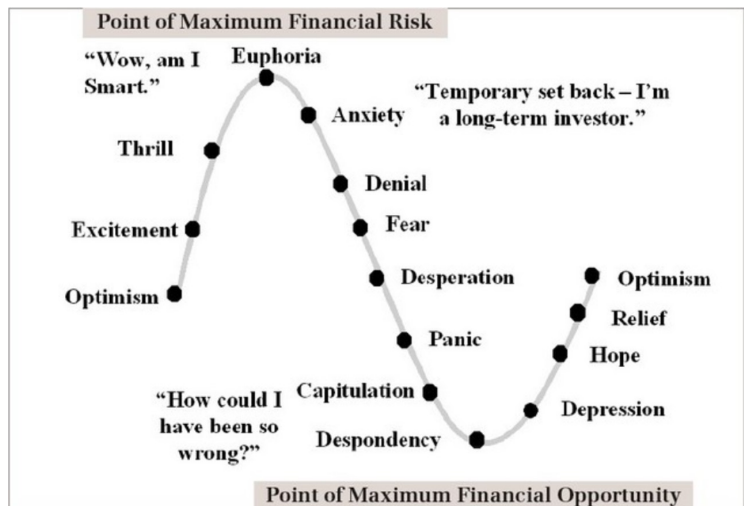
3 <https://blog.coinbase.com/coinbase-selected-by-blackrock-provide-aladdin-clients-access-to-crypto-trading-and-custody-via-b9e7144f313d>

TOP 10 HOLDINGS As Of 8/31/2022

Ticker	Company	% Weight
SI	SILVERGATE CAP CORP	5.12%
CORESCIENCE	CORE SCIENTIFIC CONV	4.88%
ACN	ACCENTURE PLC IRELAND	4.67%
IBM	INTERNATIONAL BUSINESS MACHS COM	4.56%
MSTR	MICROSTRATEGY INC	4.46%
OSTK	OVERSTOCK COM INC DEL	4.28%
8473 JP	SBI HOLDINGS INC	4.26%
9449 JP	GMO INTERNET INC	4.07%
CME	CME GROUP INC	4.00%
COIN	COINBASE GLOBAL INC	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.

Figure 1. Investor Sentiment During Market Cycles



Source: Samman, G. (2015, January 10). When will the price of bitcoin bottom out? Cointelegraph. Retrieved September 7, 2022, from <https://cointelegraph.com/news/when-will-the-price-of-bitcoin-bottom-out>

In the near term, however, we would expect September to be met with more regulatory progress, the launch of the Ethereum Merge/ Proof of Stake (POS), and continued volatility. Whether this means a bottom in risk assets and “Maximum Financial Opportunity” is anyone’s guess (Figure 1). What we do know from speaking with companies is that the focus on the Blockchain, much like the internet was in 2000, will continue and in certain cases be reflected in the price action and adoption of Crypto.

EDUCATION

For those who just want to get educated on the Blockchain, here are some links:

- Galaxy Analysis around Bitcoin Mining: Galaxy Research 2022 Mid-Year Bitcoin Mining Update <https://www.galaxy.com/research/whitepapers/2022-mid-year-bitcoin-mining-update/>
- Podcast: What is the Ethereum Merge <https://decrypt.co/resources/what-merge-ethereum-move-proof-stake>
- CFA Research Institution Foundation: CRYPTOASSETS The Guide To Bitcoin, Blockchain and Cryptocurrency for Investment Professionals By Matt Hougan and David Lawant <https://www.cfainstitute.org/-/media/documents/article/ef-brief/efbr-cryptoassets.pdf>
- Satoshi Nakamoto Original Bitcoin White paper: Bitcoin: A Peer-to-Peer Electronic Cash System <https://bitcoin.org/bitcoin.pdf>

SUMMARY

The decline of 4.55% in August reflects the challenging market conditions during the month. While we know that there is continued evidence of Blockchain adoption by large companies and venture capital investment continues to accelerate, price, as a measure of trend, has not been positive this year. Thank you for your patience. The simple reality is that the evolution and or even revolution will not come in a linear fashion, so we must constantly be managing our investor’s exposure with some sense of risk/reward.

BLOK PERFORMANCE

	Cumulative (%)					Annualized (%)		
	1 Mo.	3 Mo.	6 Mo.	YTD	Since Inception	1 Yr.	3 Yr.	Since Inception
Month end as of 8/31/2022								
Fund NAV	-4.55%	-9.50%	-37.37%	-47.69%	26.06%	-51.76%	11.26%	5.14%
Closing Price	-5.28%	-9.67%	-37.71%	-48.15%	25.34%	-51.90%	11.18%	5.01%
Quarter end as of 6/30/2022								
Fund NAV	-21.45%	-46.73%	-54.60%	-54.60%	9.41%	-56.34%	5.59%	2.04%
Closing Price	-21.38%	-46.97%	-54.87%	-54.87%	9.10%	-56.52%	5.59%	1.97%

Fund inception date: (1/17/2018). 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 please call 855-267-3837 or visit BLOKETF.com. Brokerage commissions will reduce returns. BLOK’s gross expense ratio is 0.71%.

APPENDIX A: Monthly Detailed Performance Contribution Chart *For period 7/29/22 - 8/31/22*

	Average Weight (%)	Total Return (%)	Contribution to Return (%)
AMPLIFY TRANSFORMATIONAL DATA SHARING ETF			
Information Technology	55.06	-5.29	-3.00
MICROSTRATEGY INC-CL A	5.55	-19.05	-1.04
ACCENTURE PLC-CL A	4.84	-5.81	-0.31
INTL BUSINESS MACHINES CORP	4.57	-0.54	-0.06
GMO INTERNET GROUP INC	4.15	-3.69	-0.16
BLOCK INC	3.34	-9.40	-0.28
HIVE BLOCKCHAIN TECHNOLOGIES	3.33	13.44	0.36
MARATHON DIGITAL HOLDINGS IN	2.98	-8.78	-0.24
RIOT BLOCKCHAIN INC	2.80	-2.05	-0.03
HUT 8 MINING CORP	2.79	-2.86	-0.27
DIGITAL GARAGE INC	2.71	-1.91	-0.06
PAYPAL HOLDINGS INC	2.12	7.99	0.15
ARGO BLOCKCHAIN PLC	1.86	8.64	0.15
BITFARMS LTD/CANADA	1.83	-6.95	-0.13
CANAAN INC	1.38	-10.69	-0.15
COMPOSECURE INC	1.36	5.86	0.08
MASTERCARD INC - A	1.35	-8.32	-0.12
ADVANCED MICRO DEVICES	1.28	-10.16	-0.13
VISA INC-CLASS A SHARES	1.23	-6.15	-0.08
NVIDIA CORP	1.19	-16.90	-0.21
TAIWAN SEMICONDUCTOR-SP ADR	1.16	-5.80	-0.07
ORACLE CORP	1.04	-4.74	-0.05
INTEL CORP	0.97	-11.19	-0.12
CORE SCIENTIFIC INC	0.56	-12.35	-0.06
STRONGHOLD DIGITAL MINING-A	0.41	-44.62	-0.19
BIGG DIGITAL ASSETS INC	0.26	13.46	0.03
Financials	30.26	-1.39	-0.40
SILVERGATE CAPITAL CORP-CL A	5.31	-2.33	-0.11
SBI HOLDINGS INC	4.19	-1.39	-0.07
CME GROUP INC	3.96	-1.94	-0.09
COINBASE GLOBAL INC -CLASS A	3.85	6.10	0.20
GALAXY DIGITAL HOLDINGS LTD	2.66	-3.08	-0.02
WISDOMTREE INVESTMENTS INC	2.06	-3.11	-0.06
CUSTOMERS BANCORP INC	1.96	-9.16	-0.20
SIGNATURE BANK	1.54	-6.04	-0.10
NEW YORK COMMUNITY BANCORP	1.37	-6.28	-0.10
MOGO INC	1.02	13.03	0.11
VONTOBEL HOLDING AG-REG	0.99	-5.85	-0.06
ROBINHOOD MARKETS INC - A	0.83	5.52	0.04
NU HOLDINGS LTD/CAYMAN ISL-A	0.52	16.39	0.07

APPENDIX A: Monthly Detailed Performance Contribution Chart *For period 7/29/22 - 8/31/22*

	Average Weight (%)	Total Return (%)	Contribution to Return (%)
VOYAGER DIGITAL LTD	0.00	-11.05	0.00
Consumer Discretionary	4.79	-10.27	-0.48
OVERSTOCK.COM INC	4.62	-10.00	-0.49
RAKUTEN GROUP INC	0.17	3.29	0.01
Communication Services	3.93	-11.31	-0.44
Z HOLDINGS CORP	1.92	-14.67	-0.30
ROBLOX CORP -CLASS A	1.79	-8.90	-0.14
META PLATFORMS INC-CLASS A	0.22	2.41	0.00
Consumer Staples	1.00	0.81	0.00
WALMART INC	1.00	0.81	0.00
Energy	0.29	0.36	0.00
TEXAS PACIFIC LAND CORP	0.29	0.36	0.00
Not Classified	4.66	-10.93	-0.54
PURPOSE BITCOIN ETF	1.53	-15.99	-0.26
3IQ COINSHARES BITCOIN ETF	1.52	-15.07	-0.24
INVESCO GVT & AGENCY-INST	0.75	0.17	0.00
NOCTURNE ACQUISITION CORP	0.65	-0.19	0.00
BITCOIN ETF-USD	0.21	-15.59	-0.04
CHINA RENMINBI	0.00	-1.62	0.00

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



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.

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 pro-

cesses 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 privately 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

Phone 855-267-3837

Email info@AmplifyETFs.com