

BLOK

AMPLIFY TRANSFORMATIONAL
DATA SHARING ETF

The BLOK-Chain Monthly

November 2022

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

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Sharing ETF (BLOK)

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 2030¹.

TOP 10 HOLDINGS *As Of 10/31/2022*

Ticker	Company	% Weight
MSTR	MICROSTRATEGY INC	5.82%
IBM	INTERN'L BUSINESS MACHINES	5.55%
ACN	ACCENTURE PLC IRELAND	5.20%
8473 JP	SBI HOLDINGS INC	4.41%
OSTK	OVERSTOCK COM INC DEL	4.31%
9449 JP	GMO INTERNET GROUP	4.25%
CME	CME GROUP INC	4.01%
COIN	COINBASE GLOBAL INC	3.79%
SI	SILVERGATE CAP CORP	3.45%
MARA	MARATHON DIGITAL	3.25%

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

OCTOBER MONTHLY HIGHLIGHTS

In October, the fund's value went up 0.09% for the month.

In last month's report, we discussed the challenges of a perfect storm in the bitcoin mining segment of the portfolio – which, as of October 31st, represented 15.09%, a new low on exposure in the portfolio.

This exposure is down from 17% in the previous month and is now divided between 5 positions after the position in Argo was sold.

In October, the position in Core Scientific Senior Convertible Bonds was also aggressively repriced down. The adjustment in the value of the notes became necessary when Core Scientific backed down from its August 11th second-quarter guidance of \$700 million in revenues and \$300 million in EBITDA and instead reviewed strategic alternatives in lieu of a need to reorganize its debt. Liquidity on the company's balance sheet as of June 30th had declined from about \$140 million in cash to \$26 million, and from about \$40.7 million in 1,959 bitcoin to about \$498,000 in 24 bitcoin.

More answers will be found after the third quarter is reported. This is a complicated situation at this point, involving a need to reorganize or restructure certain customer agreements related to its hosting business, as well as equipment financing. As a reminder, the current position is as Senior Note holders, and valued at \$8,470,607. The face amount of the notes is \$27.5 million. The other 4 positions in this segment had varying results: Hut 8 (+25.26%), Marathon Digital (+22.41%), RIOT Blockchain (-1.79%), Bitfarms (-8.39%) and HIVE Blockchain (-17.86%). The shakeout in the mining industry was also up against difficulty rate increasing sequentially in October by 17%, and essentially a flat price in Bitcoin.

During the month, International Business Machines (IBM) reported broadly strong results that followed similarly solid results from Accenture PLC (ACN) and Oracle Corp (ORCL) in the previous month. These companies, with the inclusion of Walmart, make up the private blockchain segment, which is currently about 13% of the portfolio. Companies like IBM, Accenture and Oracle use blockchain technology as a building block solution for database management. Walmart works with IBM and its Hyperledger solution to put its arms around its supply chain (Case Study²). The blockchain is a constructive technology platform because it is open source, immutable, and an independent resource. As a reminder, the independence of a decentralized blockchain structure helps with things like controlling data and reducing frictional costs.

In next month's report, we will highlight another two segments of the 7 that make up the portfolio. The breakdown of the portfolio across the segments will highlight the utility value of the blockchain.

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://www.hyperledger.org/learn/publications/walmart-case-study>

EDUCATION

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

- Blockchain On IBM: Basic Explanation – just 12 minutes <https://podcasts.apple.com/us/podcast/blockchain-on-ibm/id1085756212?i=1000394741808>
- Check out Crypto news Alert: Aggressive Targets still exists. [https://tunein.com/podcasts/Technology-Podcasts/Crypto-News-Alerts--Daily-Bitcoin-\(BTC\)--Cryptoc-p1254476/](https://tunein.com/podcasts/Technology-Podcasts/Crypto-News-Alerts--Daily-Bitcoin-(BTC)--Cryptoc-p1254476/)
- Satoshi Nakamoto Original Bitcoin White paper: Bitcoin: A Peer-to-Peer Electronic Cash System <https://bitcoin.org/bitcoin.pdf>

SUMMARY

In October, the fund's performance was value was up 0.09% for the month. During the month, the fund reduced its exposure to the mining segment to about 15.09% through selling its position in Argo Blockchain and marking down its Senior Notes in Core Scientific. These were decisions based upon new disclosure about the leverage and liquidity of both companies. The fund is down to a diversified basket of 5 miners, and bitcoin price may have stabilized. Price action in bitcoin is generally directional and dynamic. We do not know when the "crypto-winter" will be over, but any frost melting must begin with a stabilization of the temperature. In this report we also highlighted the importance of the Private Blockchain category in the portfolio. Companies like IBM, Accenture, Oracle and even Walmart continue to build on the benefits of the blockchain, and we expect their early adoption to pay off in the long run.

BLOK PERFORMANCE

	Cumulative (%)					Annualized (%)		
	1 Mo.	3 Mo.	6 Mo.	YTD	Since Inception	1 Yr.	3 Yr.	Since Inception
Month end as of 10/31/2022								
Fund NAV	0.09%	-15.55%	-31.02%	-53.72%	11.54%	-61.76%	6.53%	2.31%
Closing Price	2.76%	-13.55%	-28.93%	-52.68%	14.39%	-60.82%	7.64%	2.85%
Quarter end as of 9/30/2022								
Fund NAV	-11.60%	1.85%	-45.75%	-53.76%	11.43%	-52.81%	7.06%	2.33%
Closing Price	-11.19%	2.04%	-45.89%	-53.95%	11.32%	-52.63%	7.01%	2.31%

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%.

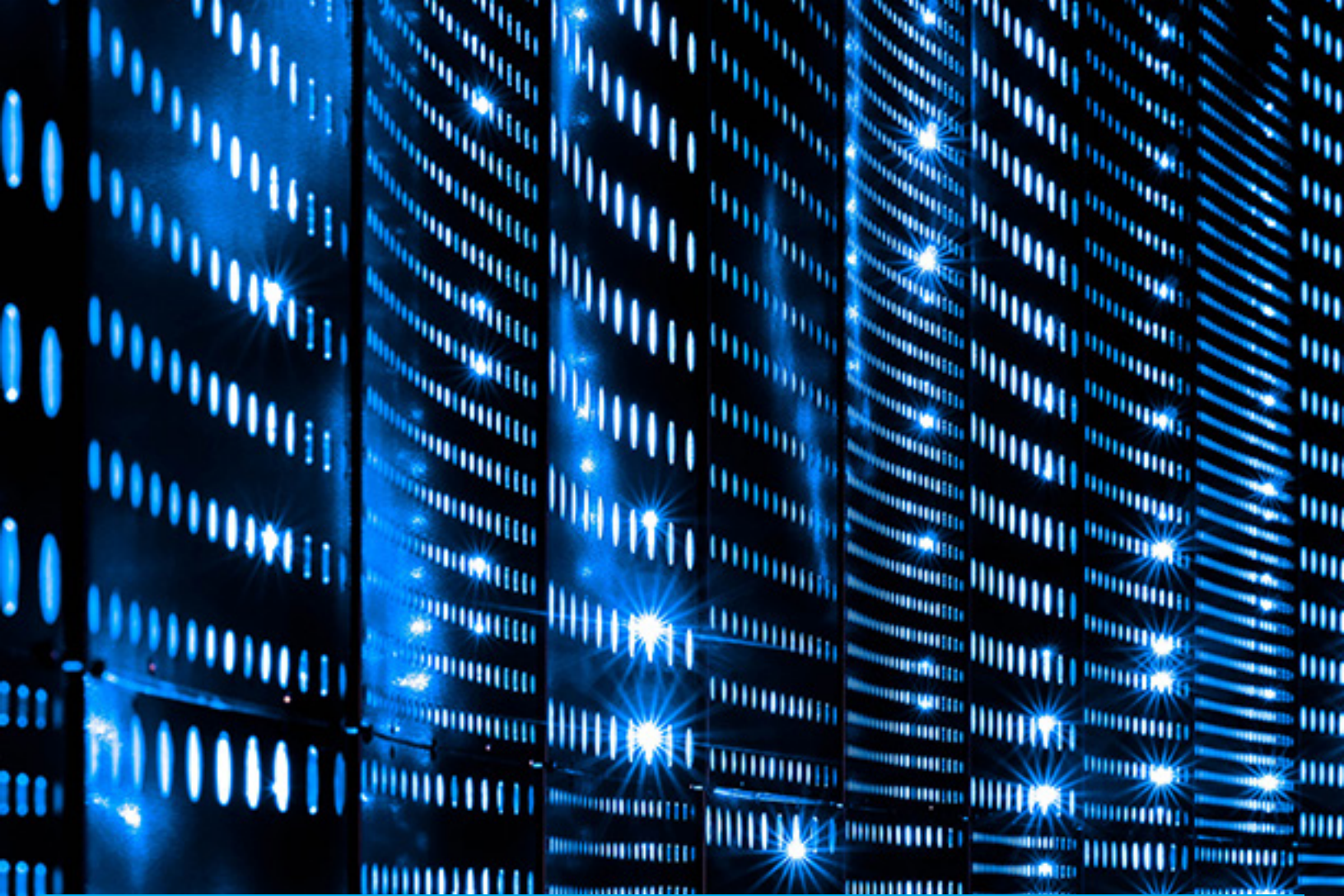
APPENDIX A: Monthly Detailed Performance Contribution Chart *For period 9/30/22 - 10/31/2022*

	Average Weight (%)	Total Return (%)	Contribution to Return (%)
AMPLIFY TRANSFORMATIONAL DATA SHARING ETF			
Information Technology	53.63	4.65	2.50
MICROSTRATEGY INC-CL A	5.36	26.03	1.28
INTL BUSINESS MACHINES CORP	5.26	16.40	0.85
ACCENTURE PLC-CL A	5.12	10.83	0.55
GMO INTERNET GROUP INC	4.64	-1.75	-0.11
MARATHON DIGITAL HOLDINGS IN	3.10	22.41	0.65
BLOCK INC	2.96	9.24	0.25
HUT 8 MINING CORP	2.93	25.26	0.68
RIOT BLOCKCHAIN INC	2.79	-1.71	-0.05
DIGITAL GARAGE INC	2.75	0.18	-0.01
HIVE BLOCKCHAIN TECHNOLOGIES	2.62	-17.86	-0.53
PAYPAL HOLDINGS INC	2.36	-2.89	-0.07
CANAAN INC	1.44	-11.59	-0.17
MASTERCARD INC - A	1.44	15.61	0.21
BITFARMS LTD/CANADA	1.43	-8.39	-0.13
COMPOSECURE INC	1.41	6.59	0.09
VISA INC-CLASS A SHARES	1.34	16.61	0.21
ORACLE CORP	1.12	28.49	0.29
TAIWAN SEMICONDUCTOR-SP ADR	1.07	-10.22	-0.12
ARGO BLOCKCHAIN PLC	1.04	-77.25	-1.28
NVIDIA CORP	1.01	11.19	0.11
ADVANCED MICRO DEVICES	0.98	-5.21	-0.05
INTEL CORP	0.90	10.32	0.09
BIGG DIGITAL ASSETS INC	0.28	0.70	0.00
CORE SCIENTIFIC INC	0.28	-84.62	-0.27
Financials	30.85	0.68	0.21
SBI HOLDINGS INC	4.59	0.82	0.03
CME GROUP INC	4.22	-2.16	-0.09
SILVERGATE CAPITAL CORP-CL A	4.16	-24.67	-1.20
COINBASE GLOBAL INC -CLASS A	4.14	2.73	0.11
GALAXY DIGITAL HOLDINGS LTD	2.75	13.93	0.35
WISDOMTREE INC	2.39	16.03	0.37
CUSTOMERS BANCORP INC	2.06	14.28	0.27
SIGNATURE BANK	1.52	5.38	0.08
NEW YORK COMMUNITY BANCORP	1.39	9.14	0.13
ROBINHOOD MARKETS INC - A	1.08	15.64	0.15
VONTOBEL HOLDING AG-REG	1.05	3.85	0.04
MOGO INC	0.90	-12.30	-0.12
NU HOLDINGS LTD/CAYMAN ISL-A	0.62	13.64	0.08

APPENDIX A: Monthly Detailed Performance Contribution Chart *For period 9/30/22 - 10/31/2022*

	Average Weight (%)	Total Return (%)	Contribution to Return (%)
Consumer Discretionary	4.91	-4.52	-0.21
OVERSTOCK.COM INC	4.91	-4.52	-0.21
Communication Services	4.09	8.78	0.35
ROBLOX CORP -CLASS A	1.96	24.83	0.45
Z HOLDINGS CORP	1.91	-1.50	-0.03
META PLATFORMS INC-CLASS A	0.21	-31.34	-0.07
Consumer Staples	1.25	9.74	0.12
WALMART INC	1.25	9.74	0.12
Energy	0.42	29.63	0.11
TEXAS PACIFIC LAND CORP	0.42	29.63	0.11
Not Classified	4.85	4.20	0.12
PURPOSE BITCOIN ETF	1.63	4.14	0.06
3IQ COINSHARES BITCOIN ETF	1.54	-0.12	0.00
NOCTURNE ACQUISITION CORP	0.85	6.41	0.05
INVESCO GVT & AGNCY-INST	0.61	0.07	0.00
BITCOIN ETF-USD	0.23	3.69	0.01
CHINA RENMINBI	0.00	-1.78	0.00
US DOLLAR	0.00	0.00	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 process-

es 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.

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 **Amplify** ETFs

QUESTIONS?

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