

MARCH 2023

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)

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.

FEBRUARY MONTHLY

The Fund was down 2.94% in the month of February. Year to date, the fund is up 19.48%, as February follows a strong January. More to the point, there are real reasons to believe that long term foundations for growth are built during these times.

- A new Bitcoin narrative could provide more utility value and adoption for Blockchain as a new programming solution for NFTs. Investors are encouraged to review the piece below from Galaxy Digital.
- Headlines around regulations continue to be front and center, which to us suggests that this is a very well-known challenge that will ultimately be addressed. It is difficult to measure capitulation, but it would be reasonable to think that if you remained optimistic with the disruption in 2022, your optimism in 2023 will only increase further throughout the year.
- Despite some retrenchment by venture capital, large corporate spending on Blockchain continues behind the scenes, and we hear that venture capital funds remain available for “quality deals.” An example of this came from the GrainChain/Overstock² announcement in mid-February. We believe that GrainChain could be a big winner for Overstock as it demonstrates enormous growth and benefits to farmers in the agriculture supply chain. Included in the press release was the statistic that “since 2020, the company has grown its user base at a compound rate of approximately 125% and revenues by nearly 400%.” Now as an investor, imagine what this could mean if the revenue run rate was about \$100 million headed into 2024, and Overstock owned 15% to 20% of the company.

FEBRUARY PORTFOLIO TRANSACTIONS

In February, we realized profits in MicroStrategy, a top holding with an almost 6% weighting in the fund and cut our position in Silvergate into a rally that did not make sense to us given the precarious capital and regulatory pressure they were under. We added to our mining holding by buying more Bitfarms, and further added to Galaxy Digital. As per our risk management process, we maintain discipline and trim top 5 positions as they eclipse above a 5.5% weighting in the portfolio. Conversely, the buys on Bitfarms and Galaxy came as these firms leaned into restructuring opportunities. In the case of Bitfarms, we highlight that they strengthened their balance sheet through the repayment of \$21 million in debt with \$7.75 million³. Investors should know that the Fund’s present exposure to the mining sector closed month-end at 16.13%, up substantially from 9.51% at year-end. As we noted in the January report, Galaxy closed on a number of key infrastructure acquisitions in February. We encourage those who want to learn more about the mining sector to review the Blockware Solutions 101 Guide⁴.

The monthly decline came in part from Overstock which, as a top 5 position, was down almost 20% resulting in a 0.86 Bps decline in the value of the Fund. Overstock is extremely well capitalized with over \$300 million in cash and a business that will have positive free cash flow in 2023. We believe analysts that cover the stock and investors in general see weak operating results in an extremely competitive market for home goods as a reason to sell and are giving the company no credit for its Blockchain portfolio.

TOP 10 HOLDINGS *(as of 02/28/2023)*

TICKER	COMPANY	% WT.
MSTR	MICROSTRATEGY INC	5.34%
COIN	COINBASE GLOBAL INC	5.32%
9449 JP	GMO INTERNET GROUP	4.64%
ACN	ACCENTURE PLC IRELAND	4.54%
8473 JP	SBI HOLDINGS INC	4.51%
CME	CME GROUP INC	4.35%
GLXY CN	GALAXY DIGITAL HOLDINGS LTD	3.85%
SQ	BLOCK INC	3.84%
RIOT	RIOT PLATFORMS INC	3.78%
4819 JP	DIGITAL GARAGE	3.66%

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

EDUCATION

For those who want to educate themselves about blockchain regulations, here are some links:

- Luxor Technologies: A Newsletter about the Mining Industry⁵
- Galaxy Digital: Podcast⁶ & Whitepaper: Programing on “Inscriptions and Ordinals” – the next Bitcoin narrative. Bitcoin Inscriptions & Ordinals⁷
- Satoshi Nakamoto Original Bitcoin White paper: Bitcoin: A Peer-to-Peer Electronic Cash System <https://bitcoin.org/bitcoin.pdf>

SUMMARY

We are clearly off to a solid start in this first quarter. While the Fund gave back 2.94% in the month of February, BLOK is well positioned to capture the uptrends from the Blockchain transformation we see happening across industries. We understand that growth as a factor in the short term is underappreciated by investors, but when growth is led by paradigm disruption, it ultimately overtakes value, in our experience.

Thank you for your interest and confidence.

BLOK PERFORMANCE

MONTH END AS OF 02/28/2023	CUMULATIVE (%)					ANNUALIZED (%)				
	1 MO.	3 MO.	6 MO.	YTD	SINCE INCEPTION	1 YR.	3 YR.	5 YR.	SINCE INCEPTION	
Fund NAV	-2.94%	7.46%	-12.93%	19.48%	9.75%	-45.47%	5.88%	2.02%	1.84%	
Closing Price	-3.49%	7.74%	-12.48%	20.57%	9.70%	-45.48%	5.89%	2.01%	1.82%	

QUARTER END AS OF 12/31/2022	1 MO.	3 MO.	6 MO.	YTD	SINCE INCEPTION	1 YR.	3 YR.	5 YR.	SINCE INCEPTION
Fund NAV	-10.06%	-17.56%	-16.04%	-61.88%	-8.14%	-61.88%	-1.91%	N/A	-1.70%
Closing Price	-10.64%	-18.27%	-16.60%	-62.36%	-9.02%	-62.36%	-2.07%	N/A	-1.89%

Fund inception date: (01/17/2018). 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 0.75%.

APPENDIX A: MONTHLY DETAILED PERFORMANCE CONTRIBUTION CHART (For period 01/31/2023 - 02/28/2023)

	Average Weight (%)	Total Return (%)	Contribution to Return (%)
AMPLIFY TRANSFORMATIONAL DATA SHARING ETF			
Information Technology	56.69	-4.16	-2.28
MICROSTRATEGY INC-CL A	5.70	4.19	0.27
GMO INTERNET GROUP INC	4.75	-4.89	-0.23
ACCENTURE PLC-CL A	4.68	-4.84	-0.23
BLOCK INC	3.84	-6.11	-0.22
DIGITAL GARAGE INC	3.77	-7.00	-0.28
RIOT PLATFORMS INC	3.74	-0.32	0.00
INTL BUSINESS MACHINES CORP	3.69	-2.85	-0.10
HIVE BLOCKCHAIN TECHNOLOGIES	2.94	-16.99	-0.51
HUT 8 MINING CORP	2.89	-15.30	-0.45
MARATHON DIGITAL HOLDINGS IN	2.81	-1.53	-0.02
PAYPAL HOLDINGS INC	2.57	-9.68	-0.25
BITFARMS LTD/CANADA	2.28	-6.43	-0.11
MASTERCARD INC - A	1.69	-4.13	-0.07
COMPOSECURE INC	1.68	8.65	0.14
VISA INC-CLASS A SHARES	1.53	-4.27	-0.06
TAIWAN SEMICONDUCTOR-SP ADR	1.43	-6.10	-0.08
ORACLE CORP	1.37	-1.20	-0.01
CANAAN INC	1.28	-10.83	-0.14
ADVANCED MICRO DEVICES	1.26	4.56	0.06
SPLUNK INC	1.17	7.03	0.07
CISCO SYSTEMS INC	0.96	-0.51	-0.01
MSTR 6 1/8 06/15/28	0.39	-1.52	-0.01
BIGG DIGITAL ASSETS INC	0.29	-6.40	-0.02
Financials	29.73	0.88	0.15
COINBASE GLOBAL INC -CLASS A	5.18	10.86	0.48
SBI HOLDINGS INC	4.34	2.24	0.09
CME GROUP INC	4.21	4.92	0.19
GALAXY DIGITAL HOLDINGS LTD	3.74	-9.66	-0.48
WISDOMTREE INC	2.75	4.16	0.10
CUSTOMERS BANCORP INC	2.37	1.42	0.02
NU HOLDINGS LTD/CAYMAN ISL-A	1.65	8.39	0.13
NEW YORK COMMUNITY BANCORP	1.45	-9.61	-0.14
VONTOBEL HOLDING AG-REG	1.16	-11.72	-0.14
SILVERGATE CAPITAL CORP-CL A	1.09	-2.32	0.07
ROBINHOOD MARKETS INC - A	1.00	-3.27	-0.03
MOGO INC	0.79	-17.29	-0.14

	Average Weight (%)	Total Return (%)	Contribution to Return (%)
Consumer Discretionary	4.05	-19.99	-0.86
OVERSTOCK.COM INC	4.05	-19.99	-0.86
Communication Services	3.78	-3.50	-0.15
Z HOLDINGS CORP	2.01	-5.23	-0.12
ROBLOX CORP -CLASS A	1.78	-1.53	-0.04
Consumer Staples	0.76	-1.21	-0.01
WALMART INC	0.76	-1.21	-0.01
Energy	0.38	-10.81	-0.04
TEXAS PACIFIC LAND CORP	0.38	-10.81	-0.04
Not Classified	4.60	14.76	0.49
PURPOSE BITCOIN ETF	1.82	0.47	0.00
3IQ COINSHARES BITCOIN ETF	1.64	42.15	0.48
INVESCO GVT & AGENCY-INST	0.89	0.30	0.00
BITCOIN ETF-USD	0.25	1.64	0.00
CHINA RENMINBI	0.00	-1.88	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.

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.globenewswire.com/news-release/2023/02/16/2609749/33533/en/Overstock-and-Pelion-Venture-Partners-Participate-in-GrainChain-Funding-Round.html>

³ <https://bitfarms.com/investors/news-events/press-releases/detail/178/bitfarms-pays-off-21m-debt-obligations-for-7-75m-in-cash>

⁴ <https://static1.squarespace.com/static/5de588aa3e9c044c1ad8cb59/t/640217dda12bd33ec303c4cd/1677858783264/Mining+101+++Blockware+Intelligence.pdf>

⁵ <https://hashrateindex.com/blog/hashrate-index-roundup-february-26-2023/>

⁶ <https://www.galaxy.com/research/podcasts/galaxy-brains/casey-rodarmor-on-ordinals-and-inscriptions-bitcoin-nfts/>

⁷ https://www.galaxy.com/research/whitepapers/bitcoin-ordinals-inscriptions-5-billion-nft-market/?utm_content=240179301&utm_medium=social&utm_source=linkedin&hss_channel=lcp-11275244

Carefully consider the Fund's investment objectives, risk factors, charges, and expenses before investing. This and additional information can be found in the Fund's statutory and summary prospectus, which may be obtained 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 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. 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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