

AUGUST 2023

# The BLOK-Chain Monthly

Staying Up-to-date with the Rapidly  
Evolving Blockchain Technology

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of the Amplify Transformational Data Sharing ETF (BLOK)

## ABOUT BLOK

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.

## TOP 10 HOLDINGS *(as of 07/31/2023)*

TICKER	COMPANY	% WT.
MSTR	MICROSTRATEGY INC	4.99%
MARA	MARATHON DIGITAL HOLDINGS INC COM	4.95%
COIN	COINBASE GLOBAL INC	4.90%
OSTK	OVERSTOCK COM INC DEL	4.61%
RIOT	RIOT PLATFORMS INC	4.54%
CLSK	CLEANSARK INC	3.95%
GLXY CN	GALAXY DIGITAL HOLDINGS LTD	3.81%
HUT CN	HUT 8 MNG CORP NEW COM	3.78%
8473 JP	SBI HOLDINGS INC	3.49%
9449 JP	GMO INTERNET GROUP	3.47%

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

## TRANSFORMATIONAL CHANGE CONTINUES

BLOK's momentum accelerated with the month of July earning returns of 14.59%, which brought YTD returns to 72.42%. Investors should note that, while one month is not a trend, we did this when Bitcoin was down almost 5%. This is important because way too often people are focused on the most obvious and accountable element to Bitcoin—aka its price. While its price action is easy to measure, its representation as a “factor” that demonstrates a road map to innovation, disruption and change is also very important.

To be clear, we are not suggesting that blockchain or Bitcoin are “MEMES.” We are not maximalists! The BLOK portfolio is not managed to capture the transformation of energy to Bitcoin, the value of freedom, or a rate of inflation. Rather, the message that we are trying to communicate is that companies truly focused on blockchain will tend to be “disruptors,” looking to transform their business as they expand and grow.

In our experience, Bitcoin miners trade on momentum more than valuation metrics. This statement should cause some pause for our readers since it suggests that there will be periods of irrational exuberance over rational traditional metrics. To this point we say – sorry, but transformation is not usually valued by traditional methods, which tend to look in the rearview mirror rather than ahead at what is being changed and disrupted. Our focus is on identifying how blockchain technology is integrated in businesses long-term. To this point, our goal is to identify CEOs and management teams who will likely be winners, transforming their business through blockchain. Imagine such a goal in 1994! ([today.com/video/-what-is-internet-katie-couric-bryant-gumbel-are-puzzled-62308421624](https://today.com/video/-what-is-internet-katie-couric-bryant-gumbel-are-puzzled-62308421624))

## ATTRIBUTION

While our holdings remained diversified across 48 securities, certain stocks performed far above the month's 14.59% return. Like last month, miners RIOT Platforms (RIOT), Cleanspark (CLSK), Marathon Digital (MARA), Bitfarms (BITF), and HIVE Digital Technologies (HIVE) showed monthly returns of 56.68%, 40.09%, 25.22%, 24.64% and 16.91%, respectively. Canaan Inc, Customers Bancorp (CUST), Coinbase Global (COIN), MicroStrategy (MSTR) and BLOCK (SQ) also provided outsized returns of 40.09%, 38.73%, 37.82%, 27.88% and 20.97%, respectively. Our biggest market-to-market losses during the month came from the Bitcoin ETFs in Canada, which were down in a range of 4.17% to 4.7%.

## REGULATION

Positive momentum is building on the regulatory front, which has been a pushback for investors. This could build foundational support for the price of digital assets like Bitcoin, Ethereum, and even Ripple. However, we recognize that not every court ruling, congressional vote, or headline will provide smooth sailing. We believe that patience will ultimately be rewarded as progress is measured by a regulatory framework that is becoming clearer with each court ruling, SEC filing, and congressional hearing.

## TRANSACTIONS AND REPOSITIONING

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As a reminder, we tend to move incrementally in our portfolio process given the opportunities we are constantly reviewing. The expanding database of blockchain and digital asset companies could exceed 400 public companies by year end, which demonstrates the opportunity set we are screening through when we are making changes to the portfolio.

## PORTFOLIO CHANGES

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We trimmed large holdings in MicroStrategy (MSTR) and Coinbase Global (COIN) as they reached our exposure limits. Like many investors, we were confused by Nasdaq's management reversal on its decision to pursue custodial service as a business opportunity. Pursuant to process we sold our holdings. This freed up capital to further increase exposure in the emerging markets: Alibaba (BABA), Mercadolibra (MELI) and Wipro (WPRO). Earlier in the month we also increased the investment in our "core" holding, SBI Holdings, which now stands at 3.3%. SBI has long been an advocate of Ripple Holdings and XRP through early ownership in the founding enterprise Ripple, ownership in XRP, and proponent of the transferable technology. For this reason, when the court ruled in favor of Ripple over the SEC, we felt it appropriate to increase the exposure incrementally ([reuters.com/legal/us-judge-says-sec-lawsuit-vs-ripple-labs-can-proceed-trial-some-claims-2023-07-13/](https://www.reuters.com/legal/us-judge-says-sec-lawsuit-vs-ripple-labs-can-proceed-trial-some-claims-2023-07-13/)). We think the many litigations pending in the crypto asset class will continue to add volatility and catalysts for the asset class, but this will not change the evolution of the technology.

## EDUCATION

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

- According to the United States Blockchain Coalition about 276 of the Fortune 1,000 companies are focused on Web 3.0 R&D and since 2008 the industry has created more than 200,000 jobs and received over \$107 billion in capital ([prnewswire.com/news-releases/first-of-its-kind-report-from-the-united-states-blockchain-coalition-highlights-significant-economic-impact-of-rapidly-growing-web3-industry-301886032.html](https://prnewswire.com/news-releases/first-of-its-kind-report-from-the-united-states-blockchain-coalition-highlights-significant-economic-impact-of-rapidly-growing-web3-industry-301886032.html)).
- How Ai and Blockchain Are Colliding ([youtu.be/fjNWJ5fd-Fg](https://youtu.be/fjNWJ5fd-Fg)).
- Blockchain explained in a video ([youtube.com/watch?v=ru\\_vu-T0hd8](https://youtube.com/watch?v=ru_vu-T0hd8)).
- Satoshi Nakamoto Original Bitcoin White paper (Bitcoin: A Peer-to-Peer Electronic Cash System [bitcoin.org/bitcoin.pdf](https://bitcoin.org/bitcoin.pdf)).

## SUMMARY

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We kept this piece shorter than usual. The performance speaks for itself. We will be traveling to California in the beginning of September. Hope to hear from anyone who has questions. Thank you for your confidence. Glad we could report the good news.

## BLOK PERFORMANCE

MONTH END AS OF 07/31/2023	CUMULATIVE (%)					ANNUALIZED (%)			
	1 MO.	3 MO.	6 MO.	YTD	SINCE INCEPTION	1 YR.	3 YR.	5 YR.	SINCE INCEPTION
Fund NAV	15.05%	31.05%	38.82%	70.89%	56.98%	18.86%	9.73%	9.40%	8.49%
Closing Price	14.59%	31.07%	38.01%	72.42%	56.87%	18.55%	9.66%	9.41%	8.47%
QUARTER END AS OF 07/31/2023	1 MO.	3 MO.	6 MO.	YTD	SINCE INCEPTION	1 YR.	3 YR.	5 YR.	SINCE INCEPTION
Fund NAV	12.83%	17.06%	48.54%	48.54%	36.45%	24.71%	9.27%	7.06%	5.87%
Closing Price	12.90%	17.57%	50.46%	50.46%	36.90%	25.48%	9.50%	7.16%	5.93%

*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](https://BLOKETF.com). Brokerage commissions will reduce returns. BLOK's gross expense ratio is 0.75%.*

## APPENDIX A: MONTHLY DETAILED PERFORMANCE CONTRIBUTION CHART (For period 06/30/2023 - 07/31/2023)

	Average Weight (%)	Total Return (%)	Contribution to Return (%)
<b>AMPLIFY TRANSFORMATIONAL DATA SHARING ETF</b>			
Information Technology	51.89	18.16	9.33
MICROSTRATEGY INC	5.37	27.88	1.41
MARATHON DIGITAL HOLDINGS IN	4.98	25.32	1.20
RIOT PLATFORMS INC	4.36	56.68	1.95
CLEANSARK INC	4.22	40.09	1.40
HUT 8 MINING CORP	4.14	7.16	0.34
BITFARMS LTD/CANADA	3.89	24.64	0.92
HIVE DIGITAL TECHNOLOGIES LT	3.68	16.91	0.64
GMO INTERNET GROUP INC	3.60	4.33	0.16
ACCENTURE PLC	3.42	2.88	0.10
INTL BUSINESS MACHINES CORP	2.83	7.75	0.22
DIGITAL GARAGE INC	2.37	9.68	0.24
ADVANCED MICRO DEVICES	1.77	0.43	0.01
TAIWAN SEMICONDUCTOR	1.59	-1.75	-0.02
CANAAN INC	1.42	49.30	0.60
ORACLE CORP	1.39	-1.22	-0.02
COMPOSECURE INC	1.36	8.16	0.12
CISCO SYSTEMS INC	0.77	1.34	0.01
MSTR 6 1/8 06/15/28	0.32	1.02	0.00
BIGG DIGITAL ASSETS INC	0.20	22.68	0.04
WIPRO LTD-ADR	0.20	-0.41	0.00
Financials	34.40	15.74	5.35
COINBASE GLOBAL INC	5.19	37.82	1.72
GALAXY DIGITAL HOLDINGS LTD	3.99	13.51	0.57
SBI HOLDINGS INC	3.30	10.21	0.34
BLOCK INC	3.22	20.97	0.65
CUSTOMERS BANCORP INC	2.86	38.73	1.00
PAYPAL HOLDINGS INC	2.77	13.62	0.38
NU HOLDINGS LTD	2.55	0.89	0.03
CME GROUP INC	2.44	7.38	0.18
WISDOMTREE INC	2.00	1.46	0.02
MASTERCARD INC	1.41	0.39	0.01
VISA INC	1.23	0.11	0.00
DBS GROUP HOLDINGS LTD	1.17	10.80	0.13
ROBINHOOD MARKETS INC	0.87	28.86	0.23
MOGO INC	0.58	9.37	0.05
FRANKLIN RESOURCES INC	0.46	9.47	0.04
NASDAQ INC	0.36	1.73	0.01

	Average Weight (%)	Total Return (%)	Contribution to Return (%)
Consumer Discretionary	5.57	10.73	0.55
OVERSTOCK.COM INC	4.40	11.97	0.36
ALIBABA GROUP HOLDING	0.61	22.57	0.16
MERCADOLIBRE INC	0.57	4.51	0.04
Communication Services	2.87	6.20	0.20
ROBLOX CORP	1.46	-2.61	-0.03
Z HOLDINGS CORP	1.40	16.23	0.23
Consumer Staples	0.63	1.71	0.01
WALMART INC	0.63	1.71	0.01
Not Classified	4.65	-3.76	-0.17
PURPOSE BITCOIN ETF	1.76	-4.47	-0.08
CI GALAXY BITCOIN ETF USD	1.14	-4.70	-0.05
INVESCO GVT & AGNCY-INST	0.84	0.28	0.00
3IQ BITCOIN ETF	0.45	-3.01	-0.02
BITCOIN ETF-USD	0.38	-5.09	-0.02
3IQ BITCOIN ETF	0.07	-0.20	0.00
CHINA RENMINBI	0.00	0.99	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 the Fund's statutory and summary prospectus, which may be obtained 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. Investing in cryptocurrency is highly speculative and is only appropriate for investors who understand the associated risks and likelihood of extreme volatility. Investors in cryptocurrency should be prepared to lose their entire investment. The fund does not invest directly in bitcoin. 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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