

EMFQ Quarterly Commentary

Staying Up-To-Date On The Emerging Markets Digital Revolution

Emerging market equities fell in Q2, with U.S. dollar strength a key headwind. Non-U.S. markets declined alongside U.S. markets for the second consecutive quarter, with the MSCI All Country World Index returning -15.66% and the S&P 500 falling 16.45%.

The Latin American markets of Colombia, Peru and Brazil were among the weakest markets in the MSCI Emerging Markets Index during the period. Much like the rest of the world, rising concerns over a global recession and domestic policy uncertainty contributed to declines in both equities and currencies.

Emerging markets in close proximity to Ukraine, including Poland and Hungary, suffered declines as the Russian invasion of Ukraine persisted. Amid global trade slowing due to Covid-19 lockdown measures and the war in Ukraine, South Korean and Taiwan equity markets also fell.

Fintech stocks fared poorly due to both inflation and interest rates rising around the world, and investors grew increasingly concerned about the economy. EMFQ, which provides exposure to emerging and frontier market companies that derive at least 50% of their revenue from financial technology (fintech), struggled in this environment.

EMFQ's primary performance detractors for the period were South Korean companies Kakao Pay Corp (-62.56%), Kginicis Co.(-48.94%), Danal Co (-46.83%) and Brazil's Nu Holdings (-51.55%). Click [here](#) for EMFQ's top 10 holdings.

South Korea-based mobile payment and digital wallet service company Kakao Pay declined during the quarter after a series of tax evasion scandals involving the firm's founder in Q1. The company is also undergoing ongoing regulatory scrutiny. Kginicis Co., which provides e-commerce settlement processing services and operates an online marketplace, and Danal Co., a provider of mobile business solutions including mobile wallet services, also declined.

Shares of Brazilian digital bank Nu Holdings fell as investors worried about the effect higher interest rates would have on loan losses, which could affect Nu's customers who have taken out credit cards and personal loans with the bank. Nu is known for disrupting the Brazilian and Latin America banking scene, which is often categorized by high fees.

Top performing contributors to EMFQ for the period were Futu Holdings (60.35%), Forth Smart Service (+15.09%) and KE Holdings (+45.11%). Click [here](#) for EMFQ's top 10 holdings.

Futu Holdings, a digital brokerage in Palo Alto which operates Robinhood Markets in the U.S., saw its shares rise as the company sought to expand its presence in Hong Kong, California, Singapore, and Australia while also tapping into new markets.

Forth Smart Service Public Company Limited is a Thailand-based company that conducts its main business as a service provider for pre-paid mobile payments, other various online payments, and advertising services via intelligent kiosks. It rallied on a CFO management change.

EMFQ

AMPLIFY EMERGING MARKETS
FINTECH ETF

EMFQ seeks investment results that generally correspond to the price and yield of the EQM Emerging Markets Fintech Index. The Index seeks to measure the performance of equity securities issued by emerging market and frontier market companies that derive at least 50% of their revenue from financial technology (Fintech).

FUND FACTS

Ticker	EMFQ
CUSIP	032108870
Benchmark	EQM Emerging Markets Fintech Index
Expense Ratio	0.69%
Inception Date	1/30/2019
Exchange	NYSE Arca

INDEX DETAILS

Index Name	EQM Emerging Markets Fintech Index
Index Ticker	EMFINQ
Weighting	Modified Equal Weight
Rebalance	Quarterly
Website	eqmindexes.com

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Finally, KE Holdings, which operates an integrated online-offline housing transaction platform, rallied along with other China-tech names thanks to a rebound in China housing demand post lockdowns.

Looking ahead, the environment for fintech companies is still challenging. The pandemic significantly accelerated the transition from cash-based to a more digital world. Once-lagging digital infrastructure in emerging and frontier markets has quickly accelerated to accommodate new behaviors. While the current economy presents challenges for fintech, we maintain the pace will continue to accelerate as post-pandemic opportunities arise for businesses around the world.

EMFQ PERFORMANCE

Quarter End as of June 30, 2022

	Cumulative (%)					Annualized (%)		
	1 Mo.	3 Mo.	6 Mo.	YTD	Since Inception	1 Yr.	3 Yr.	Since Inception
Fund NAV	-7.13%	-21.42%	-42.53%	-42.53%	-15.31%	-60.82%	-7.53%	-4.75%
Closing Price	-6.88%	-21.38%	-42.55%	-42.55%	-15.75%	-60.96%	-7.74%	-4.89%
EQM Emerging Markets FinTech Index	-6.97%	-21.24%	-37.14%	-37.14%	33.40%	-53.60%	3.10%	8.80%
EQM International Ecommerce Index	-8.12%	-24.00%	-43.85%	-43.85%	-15.88%	-61.80%	-7.84%	-4.94%

EMFQ's gross expense ratio is 0.69%. Fund inception date: 1/30/19. 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 AmplifyETFs.com/EMFQ. Brokerage commissions will reduce returns.

Effective 2/10/2022, the Fund's name changed from the Amplify International Online Retail ETF (XBUY) to the Amplify Emerging Market FinTech ETF (EMFQ). The Fund previously tracked the EQM International Ecommerce index through 2/9/2022 and now tracks the EQM Emerging Markets FinTech Index.

Carefully consider the Fund's investment objectives, risk factors, charges and expenses before investing. This and additional information can be found in the Funds' statutory and summary prospectus, which may be obtained by calling 855-267-3837 or by visiting AmplifyETFs.com. Read the prospectus carefully before investing.

Investing involves risk, including the possible loss of principal. The fund is new with limited operating history. 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. Brokerage commissions will reduce returns. Although the Shares are listed for trading on the Exchange, there can be no assurance that an active trading market for the Shares will develop or be maintained.

By concentrating its investments in an industry or sector, the Fund faces more risks than if it were diversified broadly over numerous industries or sectors. FinTech companies may be adversely impacted by government regulations, economic conditions and deterioration in markets. Additionally, technology and internet companies are subject to rapidly changing technologies; short product life cycles; fierce competition; aggressive pricing and reduced profit margins; the loss of patent, copyright and trademark protections; cyclical market patterns; evolving industry standards; and frequent new product introductions. Information technology companies may be smaller and less experienced companies, with limited product lines, markets or financial resources and fewer experienced management or marketing personnel.

The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Investments in smaller companies tend to have limited liquidity and greater price volatility than large-capitalization companies. Investments in foreign securities involve greater volatility and political, economic, and currency risks and differences in accounting methods. Investments in emerging market issuers are subject to a greater risk of loss than investments in issuers located or operating in more developed markets. Frontier market countries generally have smaller economies and even less developed capital markets than typical emerging market countries and, as a result, the Fund's exposure to risks associated with investing in emerging market countries are magnified when the Fund invests in frontier market countries. The Fund's return may not match or achieve a high degree of correlation with the return of the underlying Index. To the extent the Fund utilizes a sampling approach, it may experience tracking error to a greater extent than if the Fund had sought to replicate the Index.

The EQM Emerging Markets FinTech Index (EMFINQ) seeks to track the combined performance of a basket of emerging market and/or frontier market companies that derive significant revenue from financial technology (FinTech), technology-enabled financial applications disrupting traditional financial service and banking business models.

Prior to 2/10/2022, the Fund tracked the EQM International Ecommerce Index, which seeks to measure the performance of equity securities (common stock and depository receipts) issued by non-U.S. companies that derive at least 90% of their revenue from online business transactions or

e-commerce platforms. The Index is premised on the principle that companies that currently derive a significant portion of their revenues from online and/or virtual business transactions may be better positioned to benefit from the projected growth in online retail activity than those companies deriving on a portion of their revenues from such activities. EQM Indexes is the Index Provider for the Fund.

EQM Indexes is not affiliated with the Trust, the Investment Adviser or the distributor. The Investment Adviser has entered into a license agreement with EQM Indexes to use the EQM Emerging Markets FinTech Index. The Fund is entitled to use its Index pursuant to a sublicensing arrangement with the Investment Adviser. It is not possible to invest directly in an index.

Amplify Investments LLC serves as the investment advisor and Penserra Capital Management LLC serves as sub advisor to the fund.

Amplify ETFs are distributed by Foreside Fund Services, LLC.



QUESTIONS?

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