

# BLOK

AMPLIFY TRANSFORMATIONAL  
DATA SHARING ETF

## The BLOK-Chain Monthly

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

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Sharing ETF (BLOK)

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## THE MANDATE

The Amplify Transformational Data Sharing ETF (BLOK) is the first 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 may capture the growth, innovation, and disruption of the blockchain paradigm shift. The evolution of the internet changed how people communicate. We believe growth companies that embrace the blockchain evolution will capture secular growth trends that are accelerating and disrupt core processes in business. According to MarketsandMarkets, the size of the blockchain market is expected to grow from \$3 billion in 2020 to \$39.7 billion by 2025 – a compound annual growth rate (CAGR) of 67.3%.

## TOP 10 HOLDINGS *As Of 1/31/2022*

Ticker	Company	% Weight
NVDA	NVIDIA CORP	4.80%
PYPL	PAYPAL HOLDINGS INC	4.44%
9449 JP	GMO INTERNET INC	4.38%
HIVE CN	HIVE BLOCKCHAIN TECHNOLOGIES	4.37%
HUT CN	HUT 8 MINING CORP	4.30%
4819 JP	DIGITAL GARAGE INC	4.15%
MSTR	MICROSTRATEGY INC-CL A	3.84%
RIOT	RIOT BLOCKCHAIN INC	3.67%
BITF	BITFARMS LTD/CANADA	3.55%
ACN	ACCENTURE PLC-CL A	3.52%

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

## JANUARY MONTHLY HIGHLIGHTS

The 18.05% decline in January (market price, as of 1/31/22) followed a similar 16.92% decline in December (market price, as of 12/31/21). Yet while we write about month-over-month portfolio key performance indicators in this report, we remain encouraged by the transformation we see of companies embracing the blockchain.

*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, was attributable to unusually favorable conditions that are likely not sustainable, and such conditions might not continue to exist. 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://www.blokETF.com). Brokerage commissions will reduce returns. BLOK's gross expense ratio is 0.71%.*

## BLOK PORTFOLIO UPDATE

We noted positive news flow in January from companies like Overstock (OSTK), Walmart (WMT) and Coinbase/Mastercard (COIN/MA). Of course, one-off news flow does not change the course of a market's view on growth. That being said, when we review the attribution



of the portfolio we note that, with the exception of four holdings, every stock declined meaningfully. Diversification can only defend against specific systemic risk, but long-term fundamentals must find their own level when there is a broad short-term recalibration around price. To that point, during this period we moved to add to the mining companies which we felt had the strongest operating models. Also, it is worth noting, per our mention in the January BLOK-Chain Monthly, Galaxy has filed a registration statement with the SEC to reorganize as a Delaware-based company. We think this is an important step to the company becoming properly listed in the U.S.

Portfolio manager Dan Weiskopf visited Stronghold Digital Mining's (SDIG – one of BLOK's holdings) headquarters in Pennsylvania in January.

## THE CRYSTAL BALL AND MANAGING RISK

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Capital markets have been extremely challenged over the past two months. We looked at both public companies and private deals. It is rare for us to participate in a private deal, and only those which we believe are on an immediate IPO course would be considered. We expect the IPO market for companies involved in blockchain to be active in 2022, and staying up-to-date on the developing activity in the private market helps us determine the trajectory of the trends, even if we cannot participate as investors.

The challenges in the capital markets will constrain some of the buildout by smaller mining companies, and possibly lead to consolidation. It is clear at this point that crypto mining operating scale is now essential as measured against the rising difficulty rate. Unless a mining company has built a proper strategic capital plan that assumes the mining difficulty rate will double in 2022, we will not consider them to be a viable operator. The good news is that many who are not well-capitalized will not succeed, and this will ultimately create a headwind for their growth. Easy capital can create over-building.

We expect the price of Bitcoin to challenge new highs, which is supported by favorable supply limitations and rising institutional investment interest. Blips in the Bitcoin price trend may occur as smaller miners are forced to liquidate some of their Bitcoin positions to meet capital obligations for future build-outs. As a result, we believe that revenue from crypto mining may eclipse the 2021 record of \$31 billion and be dominated by North American companies. More important than Bitcoin price action remains blockchain adoption. To this point, we again highlight the news from Overstock. Similar to how ETF investors have yet to look back and regret having transparency, low cost and tax efficiency, we believe investors will ultimately enjoy T-Zero or T+1 settlement over the current system of T+2.

## SUMMARY

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The Fund was down 18.05% in January. However, industry trends continue to be positive and long-term. As an active fund, we are looking for those companies that capture the growth of the transformational change. Based upon our research we continue to expand our universe in pursuit of further due diligence and evidence of adoption. In January, we made incremental changes to invest in the mining companies which we believe are the most well-capitalized or best positioned in terms of business models.

**APPENDIX: Monthly Detailed Performance Contribution Chart** *For period 12/31/21 - 1/31/22*

	% Average Weight	Total Return (%)	Contribution to Return (%)
<b>AMPLIFY TRANSFORMATIONAL DATA SHARING ETF</b>	<b>100.00</b>	<b>-18.05</b>	<b>-18.05</b>
<b>Communication Services</b>	<b>3.84</b>	<b>-13.50</b>	<b>-0.49</b>
TWITTER INC	1.15	-13.21	-0.13
Z HOLDINGS CORP	2.70	-13.63	-0.35
<b>Consumer Discretionary</b>	<b>2.68</b>	<b>-17.87</b>	<b>-0.45</b>
OVERSTOCK.COM INC	2.13	-18.76	-0.37
RAKUTEN GROUP INC	0.55	-14.22	-0.08
<b>Financials</b>	<b>31.15</b>	<b>-17.22</b>	<b>-5.41</b>
BAKKT HOLDINGS INC	0.22	-59.93	-0.21
CME GROUP INC	4.44	0.46	0.02
COINBASE GLOBAL INC -CLASS A	4.75	-24.65	-1.23
CUSTOMERS BANCORP INC	1.52	-10.82	-0.18
EQONEX LTD	0.36	-11.23	-0.05
GALAXY DIGITAL HOLDINGS LTD	4.42	-25.84	-1.19
MOGO INC	1.35	-36.39	-0.57
ROBINHOOD MARKETS INC - A	0.77	-20.33	-0.15
SBI HOLDINGS INC	4.86	-6.26	-0.36
SIGNATURE BANK	1.73	-5.65	-0.12
SILVERGATE CAPITAL CORP-CL A	4.04	-27.30	-1.18
VONTOBEL HOLDING AG-REG	1.18	-6.30	-0.08
WISDOMTREE INVESTMENTS INC	1.51	-8.33	-0.13
<b>Information Technology</b>	<b>56.49</b>	<b>-20.25</b>	<b>-11.48</b>
ACCENTURE PLC-CL A	2.62	-14.49	-0.35
ADVANCED MICRO DEVICES	2.22	-20.60	-0.47
ARGO BLOCKCHAIN PLC	2.50	-24.04	-0.64
BIGG DIGITAL ASSETS INC	0.48	-17.86	-0.09
BITFARMS LTD/CANADA	3.23	-28.23	-0.99
BLOCK INC	2.80	-24.28	-0.71
CANAAN INC	1.15	-16.50	-0.20
COMPOSECURE INC	1.04	-6.21	-0.06
DIGITAL GARAGE INC	3.42	-17.87	-0.62
GMO INTERNET INC	3.51	-10.86	-0.39
HIVE BLOCKCHAIN TECHNOLOGIES	3.41	-24.98	-0.87
HUT 8 MINING CORP	3.40	-24.78	-0.88
INTL BUSINESS MACHINES CORP	2.52	-0.07	0.00
MARATHON DIGITAL HOLDINGS IN	2.58	-28.36	-0.75
MASTERCARD INC - A	0.86	7.67	0.07
MICROSTRATEGY INC-CL A	3.64	-32.41	-1.30
NVIDIA CORP	4.44	-16.75	-0.71
ORACLE CORP	0.17	-8.18	-0.02
PAYPAL HOLDINGS INC	3.85	-8.82	-0.30

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	% Average Weight	Total Return (%)	Contribution to Return (%)
RIOT BLOCKCHAIN INC	3.12	-28.62	-0.93
STRONGHOLD DIGITAL MINING-A	0.72	-30.51	-0.27
TAIWAN SEMICONDUCTOR-SP ADR	1.34	1.93	0.00
VISA INC-CLASS A SHARES	0.79	4.37	0.04
VOYAGER DIGITAL LTD	2.68	-35.21	-1.08
<b>Not Classified</b>	<b>5.83</b>	<b>-13.58</b>	<b>-0.75</b>
3IQ COINSHARES BITCOIN ETF	1.51	-12.39	-0.19
BITCOIN ETF-USD	0.24	-16.72	-0.04
CHINA RENMINBI	0.00	-0.29	0.00
CORE SCIENTIFIC INC	1.17	-20.73	-0.24
HENDR 2006-1A A1	0.15	0.00	0.00
NOCTURNE ACQUISITION CORP	0.39	-7.48	-0.03
PURPOSE BITCOIN ETF	1.59	-16.24	-0.26
STIT GOVT & AGENCY-INST	0.63	0.00	0.00
US DOLLAR	0.15	0.00	0.00

## BLOK PERFORMANCE

*Quarter End as of December 31, 2021*

	Cumulative (%)					Annualized (%)		
	1 Mo.	3 Mo.	6 Mo.	YTD	Since Inception	1 Yr.	3 Yr.	Since Inception
Fund NAV	-17.27	2.05	-3.82	31.58	140.99	31.58	47.34	24.90
Closing Price	-16.92	2.87	-3.67	31.28	141.72	31.28	47.85	24.99

*Fund inception date: (1/17/2018). The performance data quoted represents past performance. Past performance does not guarantee future results.*

*Recent short-term performance is attributable to unusually favorable conditions that are likely not sustainable, and such conditions might not continue to exist.*

*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](http://BLOKETF.com). Brokerage commissions will reduce returns. BLOK's gross expense ratio is 0.71%.*



**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](http://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, 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 private-

ly 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](http://AmplifyETFs.com/BLOK)

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