

BLOK

AMPLIFY TRANSFORMATIONAL
DATA SHARING ETF

The BLOK-Chain Monthly

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

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Co-Portfolio Managers of the Amplify Transformational Data
Sharing ETF (BLOK)

January 2022

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 12/31/2021*

Ticker	Company	% Weight
COIN	COINBASE GLOBAL INC	4.80%
GLXY CN	GALAXY DIGITAL	4.44%
SI	SILVERGATE CAP CORP	4.38%
NVDA	NVIDIA CORPORATION	4.37%
8473 JP	SBI HOLDINGS INC	4.30%
CME	CME GROUP INC	4.15%
MSTR	MICROSTRATEGY INC	3.84%
HUT CN	HUT 8 MNG CORP COM	3.67%
PYPL	PAYPAL HLDGS INC	3.55%
HIVE CN	HIVE BLOCKCHAIN TECH	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.

DECEMBER MONTHLY HIGHLIGHTS

As we mentioned in last month's update, "December proved to be the calm before the storm." As such, the Fund was down 16.92% in the month of December (market price, as of 12/31/21), but up 31.28% for 2021 (market price, for period 12/31/20 – 12/31/21). Short-term price volatility does not reflect the steady trends of investment in this category or the amount of disruption that we believe is occurring as a result of blockchain technology. Arguably, when thinking long term, we are more concerned about companies who are not investing to capture the advantages which we believe will disrupt so many industries.

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

As evidence that blockchain and crypto are here to stay, we highlight that according to Pitchbook (as reported by Bloomberg), venture capital investments of \$30 billion in 2021 almost quadrupled the 2018 record (when \$8 billion was invested via venture capital). Of course, record investment in an area does not mean all the money was invested rationally. Our point is that capital investment in the area remains ahead of expectations. Therefore, we would argue that disruption may also be faster than what was originally expected.

We have provided both the monthly and full 2021 year-end attribution analyses in this report (Appendix items below). In 2021, BLOK was up 31.28%, including a special dividend of \$5.75 (or about 12%) for companies categorized as Passive Foreign Investment Companies (PFIC). Two such companies, Galaxy Digital and Hut8 Mining, contributed 85% of the distribution. Note in the year-end attribution analysis, the returns of these two positions were very much outsized portfolio winners. We would hope for similar success in 2022, but given that the dividend was related to profits earned through PFICs, we must have such profits earned again in order to have a repeat. Nevertheless, we do believe that Galaxy's decision to file to become a Delaware-based company should relieve this classification in time.

THE CRYSTAL BALL AND MANAGING RISK

More important than the portfolio changes we made in the month of December is our outlook for 2022. Which industries do we expect blockchain to disrupt or change the most in 2022?

- 1. Financial Services:** We believe banks will embrace the blockchain in multiple fashions because they have the power to lower costs, improve liquidity in the system and process payments within the proper know-you-customer rules. As an alternative asset class, wealthy clients are also demanding access similar to how they seek venture capital, hedge funds and commodity exposure. We have invested in a number of banks which should benefit from growth in customer deposits and innovative products. This should allow for cross-selling opportunities which ultimately make their customer relationships more productive for them. Separately, we expect the mortgage industry to be disrupted and ironically, this may come when interest rates are rising for their clients. Improving the client experience through blockchain automation in this area and improving profit margins for this business ultimately will make for a significant disruptive competitive advantage.
- 2. Healthcare:** Keeping client records private is a natural product evolution that can be integrated on the blockchain. Ultimately, we would expect changes in the healthcare market to also affect the insurance market. Industries that deal with a lot of processes and paperwork can be streamlined by blockchain – even if it comes in the form of private chains.
- 3. Retail:** Walmart has been researching the blockchain since at least 2017. Walmart integrates their vendor supply chains on the blockchain to streamline information around the timing of deliveries, but also to get paid in a timely fashion. We all recognize that the failure to deliver inventory is stressing the economy. Customers today demand immediacy. A retailer who fails to properly optimize its supply chain and inventory process will be at a competitive disadvantage in 2022. Also, of similar importance, is invoice management. According to Payments Journal, Walmart in Canada has reduced its disputed invoices from 70% to 1% as a result of its blockchain efforts. Note that this does not mean Walmart is taking payment in Bitcoin...yet.
- 4. Advertising:** We expect the advertising industry to benefit from and be disrupted by the blockchain. It is clear that brands like Nike, Coca Cola and Wendy's are embracing the Metaverse as a place to reach their younger customers. iGaming, concerts and sports are creating the opportunity to engage directly with those buyers. We are also optimistic about trading NFTs, which we see as solving part of the distribution and middleman costs associated with selling all types of products: art, concerts and music to name a few. Skeptics about the modern value of NFTs should review the trends in all collectibles, including English furniture and antiques.

ONE FINAL POINT ABOUT 2022

While we may invest in early-stage companies because of their potential to disrupt markets, the majority of the companies in the portfolio have earnings, as well as what we believe are great prospects for growth of such earnings. The GAAP (Generally Accepted Accounting Principles) accounting rules for crypto get complicated, but investors should know that, according to the public mining CEOs we speak with, breakeven on their mining operation is a minimum of \$8,000 to \$10,000 per Bitcoin. So, at current prices they are in a potentially favorable position. Realization of that position, however, is dependent upon Bitcoin's price rising ahead of the difficulty level to process the rewards code.

SUMMARY

We are pleased to again report a strong year for the Fund, but acknowledge that the return has been volatile. This volatility, however, is not reflective of the consistency of change across industries that has occurred throughout the year. Nevertheless, we are pleased that we closed the year with a total return of 31.28%. We hope that investors in BLOK share our enthusiasm for the future, which is far broader than just the short-term price action of crypto. We are extremely excited about 2022 under the premise that capital investment in the area will continue leading to dynamic changes across industries, which will benefit from the value of either reduced costs or accelerating growth. Thank you for your confidence in our decision making. We will remain vigilant in our efforts to manage risk through diversification while achieving long-term capital appreciation by targeting innovative companies led by top management teams.

APPENDIX A: Monthly Detailed Performance Contribution Chart *For period 11/30/21 - 12/31/21*

	% Average Weight	Total Return (%)	Contribution to Return (%)
AMPLIFY TRANSFORMATIONAL DATA SHARING ETF	100.00	-16.92	-16.92
Information Technology	58.08	-18.81	-11.00
NVIDIA CORP	5.31	-9.98	-0.52
MICROSTRATEGY INC-CL A	4.27	-24.53	-1.10
PAYPAL HOLDINGS INC	3.59	2.00	0.07
HUT 8 MINING CORP	3.45	-35.35	-1.43
HIVE BLOCKCHAIN TECHNOLOGIES	3.31	-30.58	-1.11
MARATHON DIGITAL HOLDINGS IN	3.31	-35.66	-1.35
BITFARMS LTD/CANADA	3.22	-33.24	-1.24
RIOT BLOCKCHAIN INC	3.22	-40.25	-1.60
GMO INTERNET INC	3.11	-6.33	-0.19
DIGITAL GARAGE INC	3.04	-3.08	-0.09
BLOCK INC	3.03	-22.47	-0.69
VOYAGER DIGITAL LTD	2.76	-11.40	-0.31
ACCENTURE PLC-CL A	2.44	15.99	0.33
ARGO BLOCKCHAIN PLC	2.28	-26.68	-0.68
ORACLE CORP	2.15	-3.89	-0.07
INTL BUSINESS MACHINES CORP	2.05	14.14	0.25
ADVANCED MICRO DEVICES	1.87	-9.14	-0.15
TAIWAN SEMICONDUCTOR-SP ADR	1.08	3.13	0.03
CANAAN INC	1.04	-41.41	-0.55
CLEANSARK INC	0.81	-46.46	-0.45
MASTERCARD INC - A	0.72	14.10	0.08
VISA INC-CLASS A SHARES	0.67	11.84	0.07
STRONGHOLD DIGITAL MINING-A	0.54	-25.46	-0.16
BIGG DIGITAL ASSETS INC	0.43	-30.09	-0.14
SAMSUNG ELECTRONICS CO LTD	0.37	9.71	0.03
KYNDRYL HOLDINGS INC	0.00	15.00	0.00
Financials	29.28	-14.86	-4.24
COINBASE GLOBAL INC -CLASS A	5.07	-19.88	-1.01
SILVERGATE CAPITAL CORP-CL A	4.55	-27.52	-1.41
CME GROUP INC	4.19	5.48	0.20
SBI HOLDINGS INC	4.18	5.72	0.20
GALAXY DIGITAL HOLDINGS LTD	4.01	-25.26	-1.09
MOGO INC	1.48	-32.70	-0.56
SIGNATURE BANK	1.15	7.00	0.07
WISDOMTREE INVESTMENTS INC	1.13	-0.33	0.00
CUSTOMERS BANCORP INC	0.97	13.41	0.13
ROBINHOOD MARKETS INC - A	0.92	-31.53	-0.33
VONTOBEL HOLDING AG-REG	0.85	6.74	0.05
BAKKT HOLDINGS INC	0.41	-45.48	-0.22

APPENDIX A: Monthly Detailed Performance Contribution Chart *For period 11/30/21 - 12/31/21*

	% Average Weight	Total Return (%)	Contribution to Return (%)
EQONEX LTD	0.37	-53.37	-0.26
Communication Services	4.54	-8.32	-0.40
Z HOLDINGS CORP	1.86	-3.20	-0.04
SOFTBANK GROUP CORP	0.76	-39.28	-0.45
BAIDU INC - SPON ADR	0.61	-27.59	0.16
TENCENT HOLDINGS LTD	0.57	-21.64	-0.11
KAKAO CORP	0.44	46.66	0.64
ALPHABET INC-CL A	0.37	30.00	0.38
TWITTER INC	0.25	-32.13	-0.40
NAVER CORP	0.14	19.81	0.30
NETEASE INC-ADR	0.13	29.50	0.39
Consumer Discretionary	3.11	-30.31	-1.05
OVERSTOCK.COM INC	2.69	-33.89	-1.04
RAKUTEN GROUP INC	0.42	-1.99	-0.01
Not Classified	4.98	-7.62	-0.36
POWER & DIGITAL INFRAST-CL A	0.98	-14.32	-0.12
PURPOSE BITCOIN ETF	0.86	-1.49	-0.02
3IQ COINSHARES BITCOIN ETF	0.86	-1.86	-0.03
STIT GOVT & AGENCY-INST	0.84	0.00	0.00
COMPOSECURE INC	0.65	-19.11	-0.17
HENDR 2006-1A A1	0.37	0.00	0.00
NOCTURNE ACQUISITION CORP	0.29	-5.86	-0.01
BITCOIN ETF-USD	0.13	-1.30	0.00
CHINA RENMINBI	0.00	-0.25	0.00
US DOLLAR	0.00	0.00	0.00

APPENDIX B: Full Year Detailed Performance Contribution Chart *For period 12/31/20 - 12/31/21*

	% Average Weight	Total Return (%)	Contribution to Return (%)
AMPLIFY TRANSFORMATIONAL DATA SHARING ETF	100.00	31.28	31.28
Information Technology	62.97	45.25	25.06
MICROSTRATEGY INC-CL A	5.44	27.31	3.58
HUT 8 MINING CORP	4.19	186.90	5.83
PAYPAL HOLDINGS INC	4.18	-19.48	-0.62
MARATHON DIGITAL HOLDINGS IN	4.14	214.75	8.08
BLOCK INC	4.12	-25.79	-0.69
HIVE BLOCKCHAIN TECHNOLOGIES	3.60	39.65	1.74
NVIDIA CORP	3.32	125.48	3.26
VOYAGER DIGITAL LTD	3.22	218.44	2.79
RIOT BLOCKCHAIN INC	3.17	31.43	1.27
ARGO BLOCKCHAIN PLC	2.93	-0.69	-0.97
GMO INTERNET INC	2.84	-16.69	-0.83
DIGITAL GARAGE INC	2.82	3.90	-0.16
BITFARMS LTD/CANADA	2.67	46.97	0.24
CANAAN INC	2.22	-13.15	3.74
INTL BUSINESS MACHINES CORP	1.73	16.81	0.28
NORTHERN DATA AG	1.68	-30.71	-1.16
ORACLE CORP	1.60	36.87	0.53
ACCENTURE PLC-CL A	1.52	60.66	0.95
CLEANSARK INC	1.32	-73.78	-2.04
ADVANCED MICRO DEVICES	1.20	56.91	0.69
EBANG INTERNATIONAL HLDGS-A	1.10	-70.35	-1.69
TAIWAN SEMICONDUCTOR-SP ADR	1.01	12.09	0.34
SAMSUNG ELECTRONICS CO LTD	0.57	-10.43	-0.08
VISA INC-CLASS A SHARES	0.50	5.35	0.07
OPERA LTD-ADR	0.50	10.95	0.03
BIGG DIGITAL ASSETS INC	0.30	-46.73	-0.43
ONECONNECT FINANCIAL TECHNO	0.23	-23.85	-0.21
MICROSOFT CORP	0.21	14.12	0.13
DOCUSIGN INC	0.20	1.31	0.13
MONEYGRAM INTERNATIONAL INC	0.12	57.18	0.66
AKAMAI TECHNOLOGIES INC	0.12	-6.29	-0.02
STRONGHOLD DIGITAL MINING-A	0.11	-50.56	-0.43
MASTERCARD INC - A	0.10	3.02	0.03
KYNDRYL HOLDINGS INC	0.00	-31.12	-0.01
Financials	22.67	27.94	5.95
GALAXY DIGITAL HOLDINGS LTD	4.04	109.53	4.30
SILVERGATE CAPITAL CORP-CL A	3.80	99.43	4.81
SBI HOLDINGS INC	3.22	19.95	0.32
COINBASE GLOBAL INC -CLASS A	2.75	-21.81	-0.51

APPENDIX B: Full Year Detailed Performance Contribution Chart *For period 12/31/20 - 12/31/21*

	% Average Weight	Total Return (%)	Contribution to Return (%)
CME GROUP INC	2.06	29.46	0.73
MOGO INC	1.28	-59.63	-1.83
EQONEX LTD	1.16	-88.41	-2.36
BAKKT HOLDINGS INC	0.85	-46.00	0.88
INTERCONTINENTAL EXCHANGE IN	0.79	2.99	-0.01
VONTOBEL HOLDING AG-REG	0.71	13.87	0.14
WISDOMTREE INVESTMENTS INC	0.68	3.26	-0.05
PLUS500 LTD	0.29	10.05	0.07
NASDAQ INC	0.28	23.56	0.15
ROBINHOOD MARKETS INC - A	0.21	-57.49	-0.93
CHINA CONSTRUCTION BANK-H	0.18	10.69	0.07
IG GROUP HOLDINGS PLC	0.18	1.66	-0.02
SIGNATURE BANK	0.11	-3.77	0.02
CUSTOMERS BANCORP INC	0.09	13.41	0.17
Communication Services	5.14	-7.43	0.87
Z HOLDINGS CORP	1.86	-3.20	-0.04
SOFTBANK GROUP CORP	0.76	-39.28	-0.45
BAIDU INC - SPON ADR	0.61	-27.59	0.16
TENCENT HOLDINGS LTD	0.57	-21.64	-0.11
KAKAO CORP	0.44	46.66	0.64
ALPHABET INC-CL A	0.37	30.00	0.38
TWITTER INC	0.25	-32.13	-0.40
NAVER CORP	0.14	19.81	0.30
NETEASE INC-ADR	0.13	29.50	0.39
Consumer Discretionary	4.68	-21.56	-0.06
OVERSTOCK.COM INC	2.52	23.01	0.21
ALIBABA GROUP HOLDING-SP ADR	0.92	-37.66	-0.35
RAKUTEN GROUP INC	0.63	4.11	0.12
JD.COM INC-ADR	0.34	-19.70	0.03
AMAZON.COM INC	0.23	1.30	0.01
TESLA INC	0.05	-13.76	-0.09
Not Classified	7.90	-4.61	-0.27
STIT GOVT & AGENCY-INST	1.80	0.03	0.00
GRAYSCALE BITCOIN TRUST BTC	1.42	17.16	1.01
MUDRICK CAPITAL ACQUISITIO-A	0.38	-40.69	-0.57
NOCTURNE ACQUISITION CORP	0.24	2.39	0.01
POWER & DIGITAL INFRASTR-CL A	0.19	6.41	-0.05
PURPOSE BITCOIN ETF	0.08	-1.49	-0.03
3IQ COINSHARES BITCOIN ETF	0.08	-1.86	-0.03
COMPOSECURE INC	0.06	-19.11	-0.22
HENDR 2006-1A A1	0.03	0.00	0.00

APPENDIX B: Full Year Detailed Performance Contribution Chart *For period 12/31/20 - 12/31/21*

	% Average Weight	Total Return (%)	Contribution to Return (%)
BITCOIN ETF-USD	0.01	-1.30	0.00
US DOLLAR	0.00	0.00	0.00
CHINA RENMINBI	0.00	-0.16	0.00
Industrials	0.27	22.80	0.13
HONEYWELL INTERNATIONAL INC	0.14	10.06	0.07
RECRUIT HOLDINGS CO LTD	0.12	12.22	0.05

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. 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. 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?

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