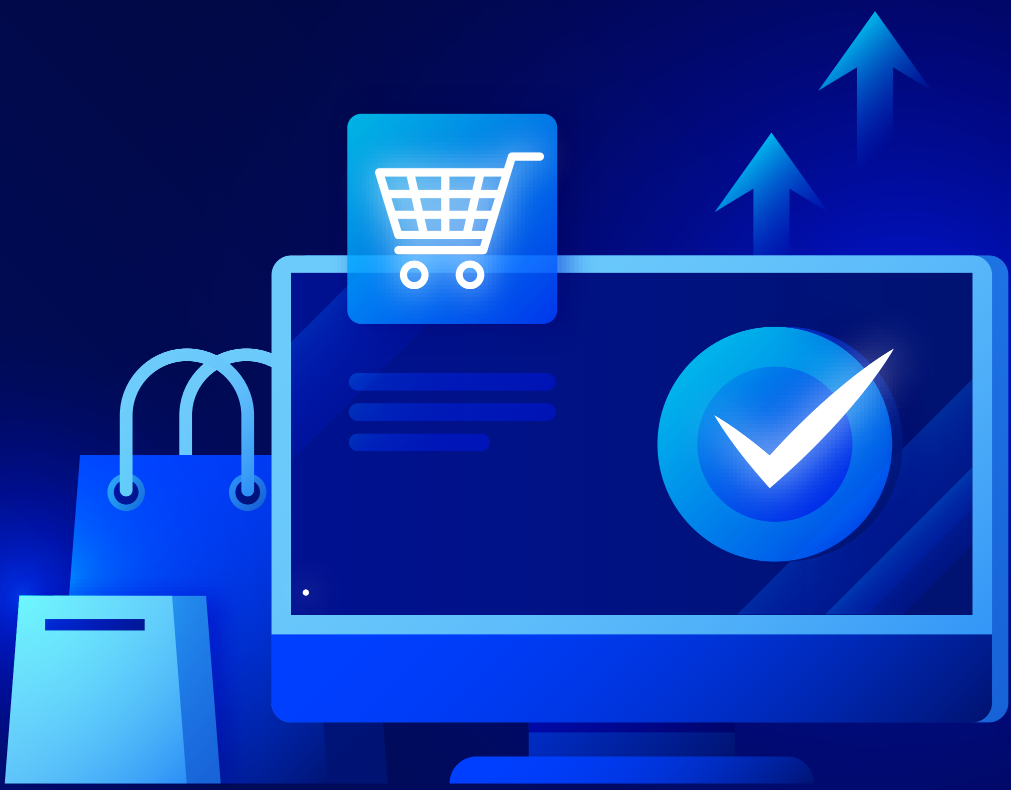
Amplify ETFs

Amplify Online Retail ETF

IBUY



Don't Fight the Trend: Online Expands at the Expense of Traditional Retailers

Virtually everyone knew it, but not until the pandemic began to cause lockdowns and business closures did the world feel it. Online shopping is as indispensable as breathing when there is nowhere else to buy food, clothes, and other necessities. According to the Annual Retail Trade Survey from the Census Bureau, e-commerce sales increased 43% during the first year of COVID.[1] During the same period, gasoline sales dropped 17%, electronics sales fell 22%, and sales of clothing and accessories plunged over 25%.[2] And interestingly, the online penetration of retail sales in the U.S. has remained high even as stores reopened and people were able to resume their normal (pre-pandemic) shopping habits. Given this trend, is there a way for investors to potentially benefit?

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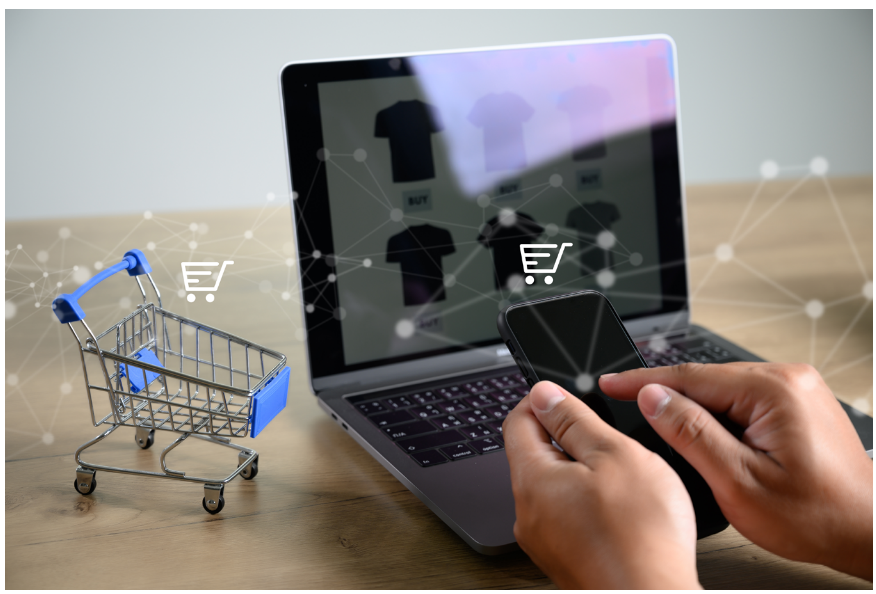


[1] U.S. Census Bureau, "Annual Retail Trade Survey Shows Impact of Online Shopping on Retail Sales During COVID-19 Pandemic", April 27, 2022.

[2] U.S. Census Bureau, "Annual Retail Trade Survey Shows Impact of Online Shopping on Retail Sales During COVID-19 Pandemic", April 27, 2022.

New Shopping Habits are Sticking

As noted earlier, the pandemic created millions of new online shoppers out of desperation. However, data show these shoppers are not returning to their old ways now that the world is generally back in business. According to U.S. Chamber of Commerce data, e-commerce represented 16.6% of total retail sales in the first quarter of 2020, which was mostly unaffected by COVID lockdowns . During the second quarter, online sales jumped nearly five percentage points, representing 21.3% of retail sales. If this surge was a temporary blip in reaction to a global crisis, one would expect it to recede once conditions improved. It hasn't – this share has remained stuck in the 20% to 22% range ever since, while (perhaps due to inflation and other factors) the average sale amount has steadily increased.

[3] Digital Commerce 360 analysis of U.S. Department of Commerce data; May 2022.

Seeking Online Retail Opportunities

For an investor interested in participating in the growth of online retail but isn't sure where to look, here are a few sectors featuring companies that became successful by disrupting the status quo.

Car/Truck Sales (ex. Carvana)	**Food Delivery (ex. Doordash)**
Travel and Leisure (ex Expedia)	**Education (ex. Chegg)**
Marketplace (ex. Etsy, Groupon)	**Specialty (ex. Land's End)**

Another fact supporting the growth of online retail – it is not just a U.S. phenomenon. Statista predicts global e-commerce sales will jump over 33% between 2022 and 2025 to the equivalent of $7.4 trillion. How can this happen, particularly in remote or developing areas without reliable infrastructure? The answer is – the smartphone. With such a device, anyone can order from a central warehouse and schedule a delivery, bypassing the need for costly storefronts and reducing transportation and employee expense. And smartphone growth is exploding – while overall growth is predicted to slow (about 5% annually, according to Statista), there are large swaths of the world where smartphone adoption is still growing rapidly (such as India, Australia, Indonesia, and most of Asia).[4,5]

> Statista predicts global e-commerce sales will jump over 33% between 2022 and 2025 to the equivalent of $7.4 trillion.

[4] Statista, "Smartphone subscriptions worldwide 2016-2027", February 23, 2022.

[5] Modor Intelligence, "Smartphones Market – Growth, Trends, COVID-19 Impact, and Forecasts 2022-2027"

Many Trends Support ECommerce

There are many business and demographic trends currently supporting the continued growth of e-commerce:

- Morgan Stanley believes e-commerce will grow to 27% of retail sales by 2026[6]
- Younger generations spend much more time online than their elders
- Working from home seems to be sticking – driving online retail sales
- Ecommerce sales are growing across previously static sectors (beauty, apparel, and grocery)
- As many as 80,000 more brick and mortar stores could close by 2026[7]
- Mobile commerce is expected to jump from $4.2 trillion (2020) to $6.5 trillion by 2023[8]
- NFTs and digital metaverse pursuits will create entirely new online industries
- Social media (including Meta, Instagram, TikTok, etc.) is increasing its e-commerce focus
- Newly "legitimized" markets (cannabis, gaming, etc.) will generate substantial new sales
- Augmented reality and other personalization will result in increased sales

[6] Statista, "Smartphone subscriptions worldwide 2016-2027", February 23, 2022.

[7] Modor Intelligence, "Smartphones Market – Growth, Trends, COVID-19 Impact, and Forecasts 2022-2027"

[8] Morgan Stanley, "Here's Why E-Commerce Growth Can Stay Stronger for Longer", June 14, 2022.

Likely Sectors for Growth

Discount E-Retailers

Mobile Platforms

Online Marketplaces

Legacy Retailers w/ecommerce

Virtual Goods for Virtual Worlds

Beauty Products

Payment Platforms

Online Travel Platforms

Apparel and Luxury Resale

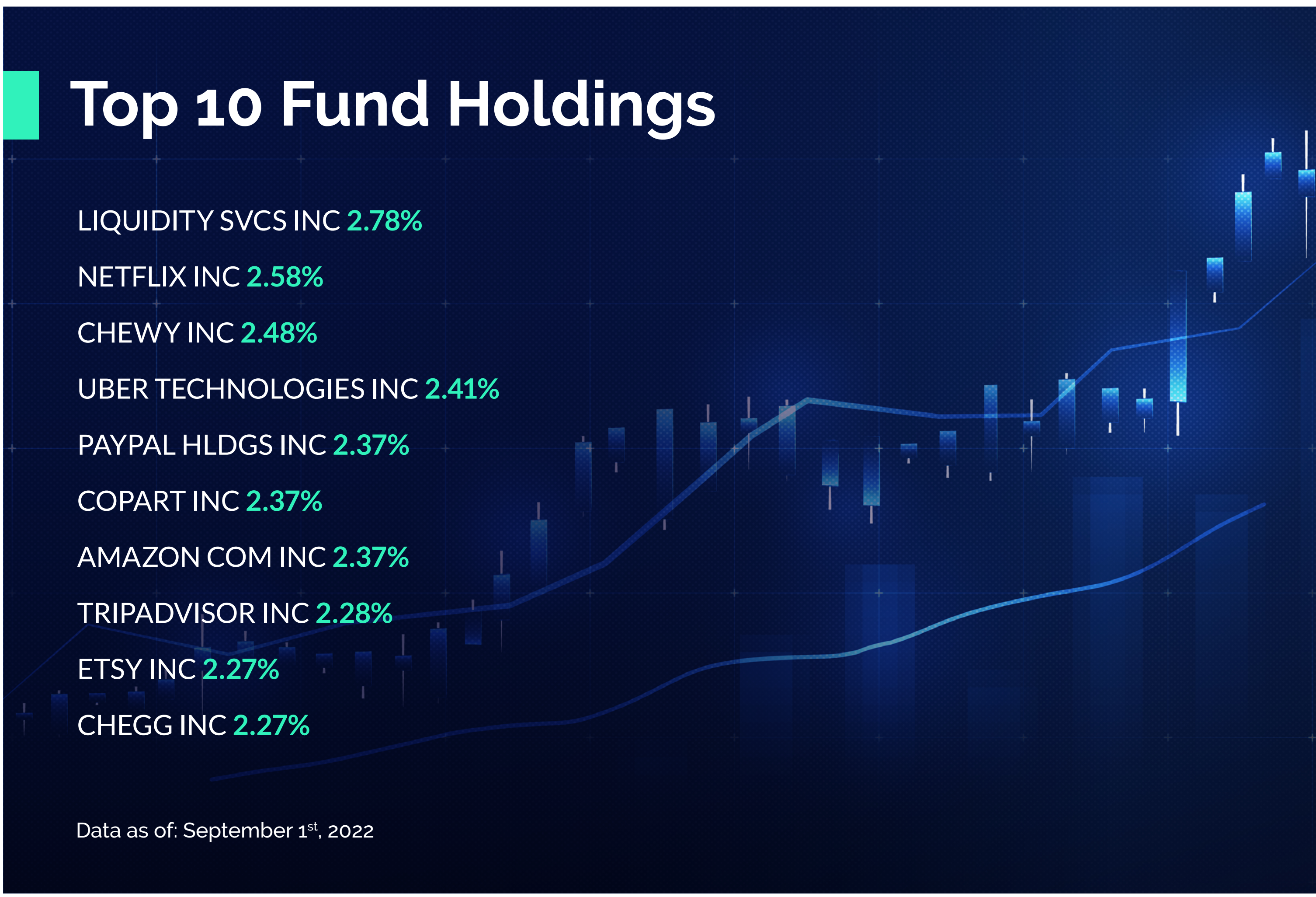
Grocery and Food Delivery

Auction Sites

Online Gaming

Amplify Online Retail ETF (IBUY)

All new online shoppers created out of necessity during the pandemic have not returned to their traditional practices – they are actually buying more goods. And while e-commerce continues to grow domestically, overseas growth is accelerating even faster due to demographics and mobile penetration. Online retail in the U.S. is predicted to comprise 27% of retail sales within the next four years, with much greater growth expected for still-developing regions like Southeast Asia and Latin America.[9] One option for those investors wishing to obtain exposure to e-commerce companies is the **Amplify Online Retail ETF (IBUY)**, an actively managed ETF representing a pure play in this rapidly growing sector. For more information, please visit ibuyetf.com.



[9] Morgan Stanley, "Here's Why E-Commerce Growth Can Stay Stronger for Longer", June 14, 2022.

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.

Narrowly focused investments typically exhibit higher volatility. A portfolio concentrated in a single industry, such as the online retail industry, makes it vulnerable to factors affecting the industry. The Fund may face more risks than if it were diversified broadly over numerous industries or sectors. Investments in consumer discretionary companies are tied closely to the performance of the overall domestic and international economy, interest rates, competition and consumer confidence. Online retail companies are subject to risks of consumer demand and sensitivity to profit margins. 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. Stocks of many internet companies have exceptionally high price-to-earnings ratios with little or no earnings histories. Information technology company stocks, especially those which are internet related, have experienced extreme price and volume fluctuations that are often unrelated to their operating performance.

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. 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 Online Retail Index seeks to measure the performance of global equity securities of publicly traded companies with significant revenue from the online retail business. The Index methodology is designed to result in a portfolio that has the potential for capital appreciation. The Adviser and Sub-Adviser believe that companies with significant online retail revenues may be best positioned to take advantage of growth in online retail sales and shoppers versus companies with less significant online retail revenues. Eligible constituents derive at least 70% of revenues from online and/or virtual business transactions (as opposed to brick and mortar and/or in-store transactions) in one of three online retail business segments: traditional online retail; online travel; and online marketplace. An investment cannot be made directly in an index.

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 Online Retail Index. The Fund is entitled to use its Index pursuant to a sublicensing arrangement with the Investment Adviser.

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.

Amplify ETFs

Questions?

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