

# IBUY Quarterly Commentary

## Staying Up-To-Date On The Evolving Retail Landscape

U.S. equity markets suffered their first quarterly declines since the onset of the Covid-19 pandemic in Q1 2020. The quarter was marked by the Russian invasion of Ukraine, accelerated inflation, and the Federal Reserve starting to hike interest rates. The S&P 500 fell 5%, while the Nasdaq Composite Index fell 20% as investors sold their pandemic darlings and valued tech stocks. Yet after hard corrections in both January and February, the S&P 500 ended the month of March up 3.6%, and the Nasdaq up 3%.

Many indicators point to a U.S. economy that's still faring well, with the unemployment market reaching a pre-pandemic rate of 3.5%—a 50-year low—and consumers continuing to spend amid rising prices as the Covid-19 pandemic recedes. Toward the end of the period, the yield curve inverted for the first time since 2019, indicating potential signs of a recession on the horizon.

Ecommerce accounted for about 12.9% of total U.S. retail sales, a slight deceleration from each of the four preceding quarters. As estimates from the Commerce Department indicate, some sales traffic that moved online during the initial months of the pandemic is moving back to stores.<sup>1</sup> Additionally, while total growth for online retail sales has grown, much of the growth may be attributed to incremental online inflation and higher prices, according to a recent study.<sup>2</sup>

In this environment, IBUY declined for the period due both to the inflationary environment as well as company-specific factors among holdings.

The ETF's most significant detractors in Q1 were online auto retailers Vroom Inc. (-75.35%) and Carvana Co. (-48.54), direct-to-consumer platform Solo Brands, Inc. (-45.43), and e-commerce marketplace Etsy, Inc. (-43.24). Click [here](#) for IBUY's top 10 holdings.

Shares of online car buying platform Vroom and its rival online auto retailer Carvana both fell due to tight inventory, rising oil prices, and interest rates. Despite Vroom's

record revenue growth for the quarter, as millennials in particular seem to prefer a contactless method of car buying and selling, the company also reported heavy operating losses.

After a strong 2021, Solo Brands, a direct-to-consumer platform for lifestyle brands, was weighed down in Q1 by challenges including weak supply chain, increased freight and shipping costs and negatively impacted product availability.

Etsy, the fourth-most-popular e-commerce marketplace in the U.S. also suffered losses, potentially hitting a growth plateau due to slowing sales of masks and other pandemic-related gear. The company also recently announced a steep fee hike for its sellers which was met with protest.

The ETF's top performance contributors in Q1 were education technology company Chegg, Inc (18.18%), online travel companies Expedia Group, Inc. (8.27%) and Airbnb Inc. (3.17%).

Education technology company Chegg thrived during the quarter as college students in the U.S. and abroad alike benefited from the lower costs of online learning programs as compared to in-person classes. Students who continue to be reluctant to take classes on college campuses have helped boost sales.

Online travel company Expedia fared well for the quarter as travel demand—both for

# IBUY

AMPLIFY ONLINE RETAIL ETF

**IBUY** is a portfolio of companies generating significant revenue from online and virtual sales. Portfolio holdings fall into three categories: traditional retail, marketplace and travel. IBUY is an ETF that seeks investment results that correspond generally to the price and yield, before fund fees and expenses, of the EQM Online Retail Index.

## FUND FACTS

Ticker	IBUY
CUSIP	032108102
Intraday NAV	IBUYIV
Benchmark	EQM Online Retail Index
Expense Ratio	0.65%
Inception Date	4/20/2016
Exchange	NYSE Arca

## INDEX DETAILS

Index Name	EQM Online Retail Index
Index Ticker	IBUYXT
Weighting	Modified Equal Weight
Rebalance	Semi-Annual
Website	<a href="http://eqmindexes.com">eqmindexes.com</a>

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business and pleasure—returned and countries loosened or ended quarantine requirements for incoming travelers. In particular, the numbers of U.S. bookings to Europe for the summer has increased. Amid the return to travel, holdings Airbnb and Vivid Seats also contributed positively.

Looking ahead, the long-term outlook for ecommerce continues to be positive. While retail and ecommerce sales growth is expected to return to pre-pandemic levels in 2022,<sup>3</sup> we believe consumers will continue to look for seamless online purchasing options and lean on ecommerce. Virtually every aspect of business was moved or accelerated toward digital structure amid the pandemic and we expect those digital structures will remain strong.

U.S. consumer spending on e-commerce is expected to hit a record \$1 trillion this year thanks to the pandemic-driven shift to online shopping. A forecast from Adobe Analytics represents a jump of 13% from 2021 and follows a total spend of \$1.7 trillion over the course of two years of the COVID-19 crisis, starting March 2020.<sup>4</sup>

## IBUY PERFORMANCE

Quarter End as of March 31, 2022

	Cumulative (%)					Annualized (%)			
	1 Mo.	3 Mo.	6 Mo.	YTD	Since Inception	1 Yr.	3 Yr.	5 Yr.	Since Inception
Fund NAV	-5.64%	-25.46%	-39.95%	-25.46%	164.85%	-47.07%	10.59%	17.59%	17.79%
Closing Price	-5.44%	-25.39%	-39.88%	-25.39%	164.94%	-47.10%	10.58%	17.53%	17.80%
EQM Online Retail Index	-5.69%	-25.47%	-40.02%	-25.47%	170.14%	-46.94%	10.85%	17.94%	18.18%

*IBUY's gross expense ratio is 0.65%. Fund inception date: 4/20/16. 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. For performance data current to the most recent month-end please call 855-267-3837 or visit [IBUYETF.com](http://IBUYETF.com). Brokerage commissions will reduce returns.*

- 1 Source: Yahoo!Finance, "3 Bets On An Ecommerce Industry In Correction Mode," March 2, 2022 <https://finance.yahoo.com/news/3-bets-ecommerce-industry-correction-000212755.html>
- 2 Source: Barron's, "U.S. Online Retail Sales to Hit \$1 Trillion in 2022, Study Says," March 15, 2022 <https://www.barrons.com/articles/pvh-shares-getting-crushed-51648671387>
- 3 Source: eMarketer: "Ecommerce by Category 2022," March 21, 2022 <https://www.emarketer.com/content/us-ecommerce-by-category-2022>
- 4 Source: Reuters: "U.S. consumers to spend record \$1 trillion online in 2022 - report," March 15, 2022 <https://www.reuters.com/world/us/us-consumers-spend-record-1-trillion-online-2022-report-2022-03-15/>

**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](http://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 differs substantially from the S&P 500 Index, which is used for comparison purposes as a widely recognized measure of U.S. stock market performance. While the returns of IBUY have exhibited positive (but varying)

correlation to the index over time, IBUY may invest in different stocks and in different proportions than in the S&P 500 index. It is not possible to invest 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



### QUESTIONS?

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