Amplify ETFs

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.[1] 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.[2]

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	eqmindexes.com

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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,[3] 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.[4]

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. 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/*

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QUESTIONS?

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