

YYY

Amplify High Income ETF

Everyone Likes to Buy at a Discount – Why Not Investors?

The proliferation of posh outlet malls and designer shops selling luxury labels tells a story – people want value for their money. It's the same for investors. From Benjamin Graham to Warren Buffet, many portfolio managers use a value strategy. Believing that markets under or overreact to news, managers attempt to identify assets (both equity and fixed income) selling at less than their perceived worth. Acquiring these assets at “sale” prices and waiting for the repricing can provide substantial appreciation and above-market levels of dividends and interest. Closed-end funds (CEFs) trade like stocks but can own virtually anything, such as equities, preferred stock, loans, investment-grade, and convertible bonds, and more. And like any asset traded on exchanges, these funds are subject to the whims of the market – the price to purchase can fall below the net asset value. Is there a product available that will provide investors with a way to take advantage of these market inefficiencies with an opportunity to generate above-market income?

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What Are Closed-End Funds?

Most mutual funds are open-end, where the fund sponsor can issue (in theory) an unlimited number of shares based on investor demand. Closed-end funds (CEFs) differ by issuing a set number of initial shares, which then trade and are priced daily based on market demand. Because the price per share of a closed-end fund is determined by daily market demand, it will usually be more or less than the combined underlying value of the investments. There can be a number of reasons for this price behavior, including:



**The Current Point
in the Economic Cycle**



**Overall
Market Volatility**



**Fund Manager Tenure, Skill,
and/or Past Performance**



**Recent or Upcoming
Changes in Distribution Rates**



**A Sector(s) Falling Out of
Favor (or Gaining favor)**



**A Strategy Falling Out of
Favor (or Gaining favor)**



**Differing Opinions About Future Sector,
Asset Type, or Economic Growth**

Closed-End Funds Focusing on Income

According to the Investment Company Institute, as of year-end 2024, there were 382 closed-end-funds with approximately \$652 billion in assets.¹ While this total does pale in comparison to the \$29 trillion in mutual fund assets², investors can seek out and research numerous CEFs focusing solely on income. Here is a sample of the different types of closed-end income funds (both taxable and tax-free) currently available:

Investors can seek out and research numerous CEFs focusing solely on income.

Healthcare/Biotech	Hybrid / Balanced Funds	High Yield Bond Funds
Global Equity	Multisector Bond Funds	Loan Participation
Global Real Estate, REIT & Real Assets	General Equity Funds	Utilities Funds
Convertible Funds	Covered Call Funds	Asian Equity Funds

¹ICI, "Closed-End Fund Market, 2024", April 2025.
²ICI, "Release: Trends in Mutual Fund Investing", January 2025.

Income

A Primary Investor Goal

For over 13 years (from December 2008 through March 2022), Federal Reserve policy was to drive and maintain short-term interest rates as close to zero as possible. This policy resulted in traditional investor income sources (like Treasury Bills, money market funds, and CDs) paying virtually no interest. Closed-end funds focusing on income may provide enhanced distribution rates over these traditional investments and may also exceed the rates paid on dividend stocks and preferred shares. With inflation now subdued from a 40-year high, short term interest rates appear to have stabilized. However, investors are still on the lookout for consistent income, particularly from asset classes that can maintain distribution levels in a dynamic interest rate environment.

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Five Reasons Closed-End Funds May Enhance Portfolios

1

Frequent Distribution Potential – Closed-end funds typically pay distributions to investors on a monthly or quarterly basis and have become popular products because some offer high distribution rates.^{3,4}

2

Professional Management – Because the number of shares in a CEF is fixed, portfolio managers do not need to maintain a certain cash level to complete fund redemptions. They can remain fully invested in their chosen assets and generate additional incremental income.

3

Potential Benefits of Leverage – Professional managers can exploit the difference between short-term and long-term rates during periods when the yield curve is positively sloped.

4

Exchange Listings Adds Liquidity – Some CEFs are listed on major exchanges like the NYSE, similar to a stock, investors can monitor their positions in real time and transact throughout the trading day at the current market price.

5

Possibility of NAV Discount – As noted earlier, CEFs can trade at a premium to net asset value or at a discount. There are numerous reasons for this, but experts agree that purchasing a quality investment at a discount can be a great long-term strategy.

³FINRA, "Opening Up About Closed-End Funds", June 28, 2023.

⁴Seeking Alpha, "Here's Why Closed-End Funds Can Have Higher Payouts", March 8, 2022.

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As noted, everyone likes to look for a good value. A large segment of the investor population will always seek out income-producing vehicles, and these investors have historically tended to do well over the long term.⁵ However, why not pursue investments that offer good value and a great opportunity? One option for investors who are looking for high income from an ETF that seeks investment results that generally correspond to the price and yield of the ISE High Income Index should consider a position in the Amplify High Income ETF (YYY). This ETF seeks investment results that generally correspond (before fees and expenses) to the price and yield of the ISE High Income Index with a three-pronged strategy – pay a high level of monthly income, purchase CEF shares at a discount to NAV when possible, and provide significant diversification by holding up to 60 different CEFs in portfolio. As of March 31, 2025, the average CEF held by YYY traded at a 4.93% discount to NAV. For more information on Amplify exchanged-traded funds, please visit **amplifyetfs.com**.

High income focused investors should consider a position in the Amplify High Income ETF (YYY)

⁵Seeking Alpha, "Why We Invest In Income For Our Retirement", July 14, 2024.

Carefully consider the Fund's investment objectives, risks, charges, and expenses before investing. This and other information can be found in the Fund's statutory and summary prospectuses, which may be obtained at [AmplifyETFs.com](https://www.amplifyetfs.com). Read the prospectus carefully before investing.

The Fund's distributions are determined by the Investment Adviser based on its current assessment of the Fund's long-term return potential. As portfolio and market conditions change, the rate and frequency of distributions paid by the Fund could change.

NAVs are calculated using prices as of 4:00 PM EST. The closing price is the Mid-Point between the Bid and Ask price as of the close of the exchange. ETFs are bought and sold at market price (not NAV). Market price returns do not represent the returns an investor would receive if shares were traded at other times. Brokerage commissions will reduce returns.

Investing involves risk, including the possible loss of principal. Because the Fund is a fund of funds, its investment performance largely depends on the investment performance of the Underlying Funds in which it invests. An investment in the Fund is subject to the risks associated with the Underlying Funds that comprise the Index, including risks related to investments in derivatives, REITs, foreign securities and municipal securities. The Fund's return may not match or achieve a high degree of correlation with the return of the Index that it seeks to track due to its fees and expenses, timing of trades or if it uses a sampling method.

Fixed-income securities' prices generally fall as interest rates rise. High yield securities are subject to the increased risk of an issuer's inability to meet principal and interest payment obligations. These securities may be subject to greater price volatility due to such factors as specific corporate developments, interest rate sensitivity, negative perceptions of the non-investment grade securities markets, real or perceived adverse economic conditions, and lower liquidity. Preferred stock is subject to many of the risks associated with debt securities, including interest rate risk. In addition, preferred stock may not pay a dividend, an issuer may suspend payment of dividends on preferred stock at any time, and in certain situations an issuer may call or redeem its preferred stock or convert it to common stock.

International investments may also involve risk from unfavorable fluctuations in currency values, differences in generally accepted accounting principles, and from economic or political instability. There is no guarantee that the fund will meet its investment objective.

The Fund will pay indirectly a proportional share of the fees and expenses of the Underlying Funds in which it invests, including their investment advisory and administration fees, in addition to its own fees and expenses. In addition, at times certain segments of the market represented by constituent Underlying Funds may be out of favor and underperform other segments. The underlying holdings of the fund may be leveraged, which will expose the holdings to higher volatility and may accelerate the impact of any losses.

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.

Not FDIC Insured | No Bank Guarantee | May Lose Value

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