

JUNE 2024

The BLOK-Chain Monthly

Staying Up-to-date with the Rapidly
Evolving Blockchain Technology

By Dan Weiskopf and Mike Venuto, Co-Portfolio Managers
of the Amplify Transformational Data Sharing ETF (BLOK)

BLOK ETF rebounded 7.17% (NAV return) in May and closed the month up 10.83% YTD. The biggest contributor to this performance was Core Scientific (CORZ) stock, the Fund's largest position in the Bitcoin mining category. CORZ took a moonshot up 62% and nearly half of the month's attribution came from upside in CORZ stock and bonds, together adding about 2% and MicroStrategy adding 1.43%. We only highlight investments that move the needle by greater than 1% in this section.

1) The Miners:



In May, there was a great deal of activity in the Digital Infrastructure and Miner Category, much anticipated by us (see April article we wrote for CoinDesk that breaks the group into two buckets: the **Bitcoin Accelerators** and the **HPC-AI Group**).¹ As mentioned above, Core Scientific followed the advice to “get your stock up to a reasonable value or you will be taken over”.² So, after a rally of 65% in May, on June 3rd Core Scientific announced a \$3.5 billion infrastructure deal with Coreweave and the stock rallied.³ As a result of this deal, Core Scientific could be transformed and/or recapitalized.



M&A activity also heated up with RIOT making an unsolicited offer to buy Bitfarms after accumulating just under 10% of the shares.^{4,5} Also, in the first week of June, RIOT disclosed that it bought 1.5 million shares at \$2.45, an increase from its original offer of \$2.33. This brought their position to about 12%. M&A activity in the sector has heated up as a result and we would expect many companies with a clear growth plan to be “re-rated.” The question will be around which companies will remain accelerators, which companies have infrastructure, and which companies need to sell to execute their strategic plan.



Quietly, we would note that Bitdeer, a company that BLOK does not currently own, has also been active in deals and M&A. It recently raised \$100 - \$150 million from Tether and spent \$140 million to integrate its own Bitcoin mining equipment (see website link).⁶ Marathon is no stranger to this opportunity and has invested in Aurodine.⁷



There are 30 publicly traded miners, and many are sub \$75 million in market cap. Strategic M&A can be achieved on accretive basis based upon various KPIs (key performance indicators), but scale is needed to make such deals worthwhile, so we would expect activity to continue to be robust within the next 3-6 months. Regardless, while we track these companies in the BLOK database, we are not likely to invest in companies which are foreign and/or below \$300 million in market cap.

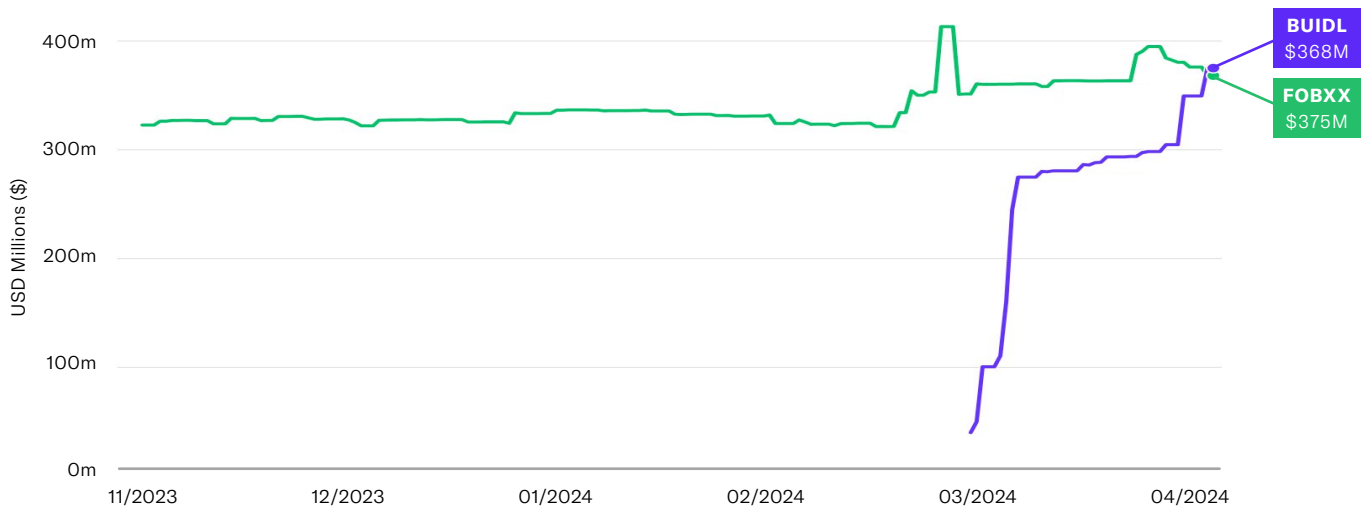


Last month, we reported that Q1 earnings could be a catalyst for the group to rally since FASB (Financial Accounting Standard Board) would lead to a markup of BTC (Bitcoin) price on certain balance sheets and the impacts of the halving would not be felt until Q2. All this proved to be true but was well telegraphed.

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 visit [BLOKETF.com](https://www.blokETF.com).

2) Trillion-Dollar Asset Manager Race: The race continues between trillion-dollar asset management. Blackrock led the latest \$47 million round of funding with Securitized.⁸ We would also highlight that Blackrock (BUIDL) and Franklin (FOBXX), just found some additional competition from Fidelity.^{9,10} The line in the sand has been drawn and asset managers who aren't looking at the Blockchain and tokenization are going to find themselves missing a core leg to their growth strategy. Remember when Barclays agreed to sell iShares to CVC Capital Partners for \$4 billion and then three months later Blackrock stepped up with a staggering Bid of \$13.5 billion (What a deal!!!). The fact is that this is the future and when trillion-dollar firms see the landscape changing they will be aggressive in repositioning themselves. It was Steve Jobs who famously said, "If you don't cannibalize yourself, someone else will".¹¹

MARKET CAPS OF TWO LARGEST TOKENIZED U.S. TREASURY FUNDS



Source: BlackRock USD Institutional Digital Liquidity Fund (BUIDL) and Franklin OnChain U.S. Government Money Fund (FOBXX) are neck and neck. Source: rwa.xyz and Axios Visuals. Data 11/1/2023 to 4/30/2024.

- **Visa Built Blockchain Security and saved \$650 million last year.** Over the past 5-6 years, Visa has spent about \$10 billion on research to improve security in its network.¹² It was clearly money well spent, as Visa announced that it saved \$650 million last year by using its tokenization technology (built in 2014) and in May processed its \$10 billion token. See press release and video.^{13,14} We would also note that in the press release, Visa commented that the "recently unveiled Visa data tokens will give consumers more control over their data and deliver seamless AI-powered shopping experiences." This is an example of how the future of truth and trust will be integrated between Blockchain and AI. The fact that tokenization sits on a blockchain and is immutable adds potential value to its traceability which could ultimately provide a platform where people have greater control over their personal data and digital identity. Those who question the utility value of blockchain should look no further than the social vision for this application.

While we believe that regulation continues to make progress, including SEC comments on the first round of Ethereum Spot S1s, we were disappointed that on May 31st, President Biden vetoed the SAB 121 resolution which was approved on an overwhelming bi-partisan basis by both the House of Representatives (228/182) and the Senate (60/38). For further detail, read the Price Water House report in the Education section and listen to Nic Carter's views on the Galaxy Digital podcast.

ADDITIONAL RESOURCES

For those who want to get educated about the blockchain, here are some links:

- Galaxy Brains with Nic Carter: <https://www.youtube.com/watch?v=1Mc5BGsa4fg>
- Whitepapers and research: https://viewpoint.pwc.com/dt/us/en/pwc/in_depths/assets/id202203.pdf
- Satoshi Nakamoto Original Bitcoin White paper: Bitcoin: A Peer-to-Peer Electronic Cash System <https://bitcoin.org/bitcoin.pdf>

Thank you for your continued confidence in us. Please do review the education section of this report. We appreciate that sometimes this information may be a bit dry or overly detailed. As always, we welcome any questions and inquiries.

BLOK MONTHLY COMMENTARY

We titled this report “Blockchain is Replacing Trust with Truth” because of the evidence we have seen from TradFi (Traditional Finance) firms like Visa and Blackrock. While these may not be pure play Blockchain companies, both have long histories of investing early and continuing to transform their business through technology. We also feel vindicated by our hard work and analysis around Core Scientific. Congrats to Core Scientific management and our BLOK investors! Lastly, while the rebound in May was solid at 7.17%, we cannot help but point out that we are off to a strong start in June.

TOP 10 HOLDINGS *(as of 5/31/2024)*

TICKER	COMPANY	% WT.	TICKER	COMPANY	% WT.
GLXY CN	Galaxy Digital Holdings	5.25%	HOOD	Robinhood Markets	3.40%
MSTR	MicroStrategy	4.42%	8473 JP	SBI Holdings	3.37%
COIN	Coinbase Global	4.30%	NU	NU Holdings	3.22%
CORZ	Core Scientific	3.54%	MARA	Marathon Digital Holdings	3.16%
PYPL	PayPal Holdings	3.44%	SQ	Block	3.00%

Holdings and allocations are subject to change at any time and should not be considered a recommendation to buy or sell a security.

BLOK PERFORMANCE

MONTH END AS OF 5/31/2024	CUMULATIVE (%)					ANNUALIZED (%)				
	1 MO.	3 MO.	6 MO.	YTD	SINCE INCEPTION	1 YR.	3 YR.	5 YR.	SINCE INCEPTION	
Fund NAV	7.17%	-1.34%	39.41%	10.83%	101.67%	66.77%	-5.73%	18.09%	11.64%	
Closing Price	7.22%	-1.34%	39.16%	10.89%	101.47%	66.16%	-5.82%	18.03%	11.62%	
QUARTER END AS OF 3/31/2024	1 MO.	3 MO.	6 MO.	YTD	SINCE INCEPTION	1 YR.	3 YR.	5 YR.	SINCE INCEPTION	
Fund NAV	8.35%	21.72%	84.63%	21.72%	121.49%	90.01%	-8.93%	19.86%	13.68%	
Closing Price	8.61%	22.08%	84.94%	22.08%	121.80%	90.49%	-8.96%	20.02%	13.70%	

Fund inception date: (01/17/2018). BLOK's gross expense ratio is 0.76%. 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 visit AmplifyETFs.com/BLOK. Brokerage commissions will reduce returns. A fund's NAV is the sum of all its assets less any liabilities, divided by the number of shares outstanding. The closing price or market price is the most recent price at which the fund was traded.

ATTRIBUTION

As mentioned above, Core Scientific (CORZ) stock, the Fund's largest position in the Bitcoin mining category, began its moonshot up 62% in May. Nearly half of the month's attribution came from upside in CORZ stock and bonds, together adding about 2%, and MicroStrategy adding 1.43%. CORZ \$3.5 billion deal with Coreweave is transformative as it provides an AI infrastructure for Coreweave and could be followed by other deals related to the infrastructure build out. Beyond (BYON) had a further pullback of nearly 25% which impacted the Fund in May by 71 BPs*. BYON has a long history of big moves in both directions. Currently, the malaise in the stock is a function of concerns around rebuilding the platform. The market cap at \$15 is just shy of \$700 million and we continue to have conviction that the Blockchain portfolio is both undervalued on the books at \$137,421 and valued at zero by most analysts and investors. We would also highlight that while the company is currently losing money, it has \$256 million which can give it plenty of runway. Whether traction is built on the Bed Bath and Beyond platform, the Overstock platform, or newly purchased Zulily platform, we believe Marcus Lemonis will fix it and turn the stock around.

TRANSACTIONS AND REPOSITING

In May we swapped the BLOK's exposure from Canadian Spot Bitcoin holdings to five US-based ETFs. As a Fund that seeks to diversify our risk, we ended up buying five funds and overweighting the Fidelity (FBTC) and VanEck (HODL) funds to de-emphasize custodian risk. We are not anticipating that there will be a problem with Coinbase, or we wouldn't be long the stock. However, given our goal of mitigating risk, we thought this decision was a prudent one.

APPENDIX A: MONTHLY DETAILED PERFORMANCE CONTRIBUTION CHART (For period 4/30/2024 - 5/31/2024)

	Average Weight (%)	Total Return (%)	Contribution to Return (%)
AMPLIFY TRANSFORMATIONAL DATA SHARING ETF			
Information Technology	44.73	11.82	5.09
MICROSTRATEGY INC-CL A	4.15	43.14	1.43
MARATHON DIGITAL HOLDINGS IN	3.19	21.54	0.60
CLEANSARK INC	2.95	-1.89	-0.06
CORE SCIENTIFIC INC	2.95	62.12	1.42
INTL BUSINESS MACHINES CORP	2.79	1.40	0.04
RIOT PLATFORMS INC	2.52	-3.66	-0.09
GMO INTERNET GROUP INC	2.31	-4.87	-0.11
CORZ 12 01/23/29	2.17	29.96	0.59
ACCENTURE PLC-CL A	2.02	-6.19	-0.12
HUT 8 CORP	2.01	10.20	0.20
BITFARMS LTD/CANADA	1.95	26.20	0.48
ADVANCED MICRO DEVICES	1.86	5.38	0.09
TAIWAN SEMICONDUCTOR-SP ADR	1.78	9.98	0.17
COMPOSECURE INC-A	1.74	-4.56	-0.08
ORACLE CORP	1.55	3.02	0.05
CIPHER MINING INC	1.31	-0.27	0.00
HIVE DIGITAL TECHNOLOGIES LT	1.27	-0.64	-0.01
QUALCOMM INC	1.18	23.54	0.26
NVIDIA CORP	1.11	26.89	0.30
DIGITAL GARAGE INC	1.05	-13.13	-0.15
BROADCOM INC	1.00	2.17	0.02
OPERA LTD-ADR	0.89	11.70	0.10
CORE SCIENTIFIC INC-RTS	0.55	-13.64	-0.08
MSTR 6 1/8 06/15/28	0.30	3.61	0.01
BIGG DIGITAL ASSETS INC	0.12	17.60	0.02
Financials	36.75	5.04	1.88
GALAXY DIGITAL HOLDINGS LTD	5.07	15.88	0.75
COINBASE GLOBAL INC -CLASS A	4.25	10.78	0.45
PAYPAL HOLDINGS INC	3.56	-7.26	-0.29
SBI HOLDINGS INC	3.30	5.68	0.19
NU HOLDINGS LTD/CAYMAN ISL-A	3.22	9.39	0.29
ROBINHOOD MARKETS INC - A	3.21	26.74	0.81
BLOCK INC	3.21	-12.22	-0.43
CME GROUP INC	2.31	-3.18	-0.07
BLACKROCK INC	1.63	2.30	0.04
DBS GROUP HOLDINGS LTD	1.40	5.65	0.08

	Average Weight (%)	Total Return (%)	Contribution to Return (%)
CUSTOMERS BANCORP INC	1.39	-0.81	0.00
MASTERCARD INC - A	1.21	-0.92	-0.01
VISA INC-CLASS A SHARES	1.07	1.62	0.02
FRANKLIN RESOURCES INC	0.92	3.33	0.03
WISDOMTREE INC	0.65	12.39	0.08
MOGO INC	0.35	-17.49	-0.07
Consumer Discretionary	6.44	-4.61	-0.24
BEYOND INC	2.84	-24.84	-0.71
MERCADOLIBRE INC	2.42	18.30	0.41
ALIBABA GROUP HOLDING-SP ADR	1.18	4.66	0.06
Communication Services	3.71	-4.70	-0.18
ROBLOX CORP -CLASS A	2.76	-5.46	-0.16
LY CORP	0.95	-2.45	-0.02
Industrials	1.18	5.53	0.07
CACI INTERNATIONAL INC -CL A	1.18	5.53	0.07
Consumer Staples	1.08	11.18	0.12
WALMART INC	1.08	11.18	0.12
Not Classified	6.11	12.10	0.73
CI GALAXY BITCOIN ETF USD	1.65	13.95	0.30
PURPOSE BITCOIN ETF	1.43	13.74	0.26
INVESCO GVT & AGNCY-INST	1.11	0.44	0.00
VANECK BITCOIN TRUST	0.43	0.76	0.01
FIDELITY WISE ORIGIN BITCOIN	0.43	0.66	0.01
3IQ BITCOIN ETF	0.33	14.09	0.06
EVOLVE BITCOIN ETF USD	0.29	12.08	0.05
INVSCO GLXY BTCN ETF	0.14	0.63	0.00
ISHARES BITCOIN TRUST	0.14	0.73	0.00
BITWISE BITCOIN ETF	0.12	-2.31	-0.01
BITWISE 10 CRYPTO INDEX FUND	0.02	5.63	0.03
US DOLLAR	0.00	0.00	0.00

Holdings and allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security.

BLOK

Amplify Transformational Data Sharing ETF

**First & Largest Actively Managed
Blockchain Technology ETF**

Learn more: [BLOKETF.com](https://www.blokETF.com)



Global equity portfolio of professionally-selected companies involved in blockchain technology.



Active management approach that we believe enables the Fund to remain flexible, make timely decisions and identify companies that are best positioned to profit from the developing blockchain technology space.



Convenience and Transparency: access the blockchain and crypto ecosystem without K-1 tax reporting.**

*BPs: A basis point (BP) is a unit that is equal to 1/100th of 1%.

**Schedule K-1 is a federal tax document used to report the income, losses, and dividends of a business' or financial entity's partners or an S corporation's shareholders. This information does not constitute, and should not be considered a substitute for, legal or tax advice.

¹ <https://www.coindesk.com/markets/2024/04/17/bitcoin-miners-are-set-for-a-coiled-spring-rally/>

² <https://corescientific.com/>

³ <https://www.coreweave.com/>

⁴ <https://www.riotplatforms.com/>

⁵ <https://investor.bitfarms.com/news-events>

⁶ <https://ir.bitdeer.com/news-events/news-releases>

⁷ <https://www.coindesk.com/business/2023/05/16/bitcoin-miner-marathon-digital-linked-startup-auradine-raises-81m/>

⁸ <https://www.prnewswire.com/news-releases/securitize-announces-47-million-strategic-funding-round-led-by-blackrock-302133075.html>

⁹ <https://www.axios.com/2024/05/01/blackrock-tokenized-treasury-fund-franklin-templeton>

¹⁰ <https://www.coindesk.com/business/2024/06/10/fidelity-international-tokenizes-money-market-fund-on-jpmorgans-blockchain/>

¹¹ <https://www.goodreads.com/quotes/908575-one-of-job-s-business-rules-was-to-never-be-afraid#:~:text=%E2%80%9COne%20of%20Job%27s%20business%20rules%20was%20to%20never,not%20deter%20him.%E2%80%9D%20%E2%80%95%20Walter%20Isaacson%2C%20Steve%20Jobs>

¹² <https://usa.visa.com/visa-everywhere/blog/bdp/2023/10/18/bringing-innovation-and-1697633266330.html>

¹³ <https://usa.visa.com/about-visa/newsroom/press-releases.releaseId.20701.html>

¹⁴ <https://www.youtube.com/watch?v=YbhGhP3Fbp8>

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 prospectus, which may be obtained at [AmplifyETFs.com](https://www.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. Investing in cryptocurrency is highly speculative and is only appropriate for investors who understand the associated risks and likelihood of extreme volatility. Investors in cryptocurrency should be prepared to lose their entire investment. The fund does not invest directly in bitcoin. Holding a privately 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.

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