

MARCH 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)

We find it wonderful that so many new investors are embracing the ease of direct exposure through Spot ETFs. Over the past 6 years we have argued that bitcoin and digital assets are the first new asset class for investors in generations. Most importantly, bitcoin is a natural hedge against any follow-on banking crisis, concerns about excess printing of the US dollar, and inflation. As a result, at certain times when equity markets have weakened, the Fund's bitcoin exposure has hedged the price decline held by the Fund's exposure to transforming companies like Block Inc (SQ), Nu Holdings (NU), and Roblox Corp (RBLX). The fact is that growth companies can carry high beta risk, so trading or holding a non-correlated asset or arguably even an inversely correlated asset class can help to manage certain types of systemic risks. To be clear, we do not hold Bitcoin directly in the Fund– it comes through holdings in Spot ETFs, Microstrategy (MSTR), and companies in the Bitcoin mining industry.

FOOD FOR THOUGHT: WHAT'S UP WITH THE SUPPLY CHAIN?



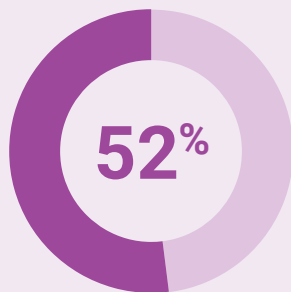
Fresh Produce Journal

Blockchain technology offers major boost to tomatoes

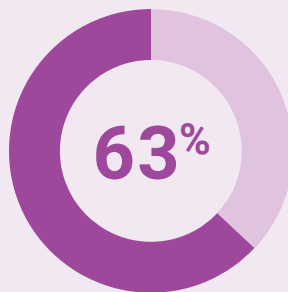
by Michael Barker | 1 March 2024

Equally as important is how companies like Accenture (ACN), Visa (V), and International Business Machines (IBM) are reinventing themselves through investments in companies aligned with Blockchain technology. For example, IBM's global food supply tracking efforts have made meaningful progress. In a Fresh Produce Journal article, Michael Barker highlights that the SecQuAL project using the IBM platform “finds multiple benefits for the tomato and wider fresh produce industry in its use of blockchain technology that secures storage and transfer of data to form a thread detailing the whole process from farm to fork”.¹ Wrapping the IBM brand as an “IBM Trust” that implements blockchain technology helps build confidence that the supply chain solutions packaged by the company are secure, efficient, and with integrity. Let's face it, our supply chain has many different problems that impact trillions of dollars. Why IBM? Why not!

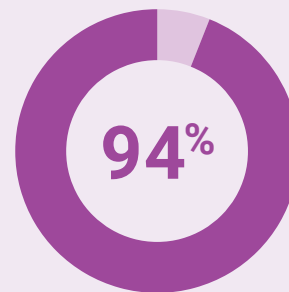
Why IBM?



of consumers say that knowing where food comes from is very-to-somewhat important²



of Americans surveyed said they would pay up to a third more for products that are responsibly made and transparently sourced³



of consumers surveyed said they would be more loyal to a brand that offers complete transparency⁴

Source: IBM Supply Chain Intelligence Suite - Food Trust

Again, we highlight IBM's progress with developing its position in blockchain technology to explain the impact that will come from this technology. It will support the production of trillions of dollars' worth of goods and services, as it affects industries like manufacturing, healthcare, and yes, asset management. This is why tokenization is so important and why a portfolio needs both equities and Spot Bitcoin involved in the build out of digital assets. Think about blockchain as the distributed ledger that creates enduring and unalterable records that can be programmed as tokens. Forget price! Think about the benefits of transparent information on a real time basis, that is reliable because it has been verified independently and triple checked. Also, let's not forget that Bitcoin may not be the only solution that changes this world.

Accenture PLC is another old-line technology company we have owned for years at different levels since the inception of BLOK. The company frequently pursues "tuck-in acquisition" around its client solutions. To this point, in the way of blockchain, they are well positioned to accelerate their Blockchain efforts as they see the technology developing.⁵ Read more about their outlook around blockchain.⁶ As a consulting service provider, their effort may be pragmatic in nature, but regardless the company is clearly leaning in on transformational technologies such as blockchain and AI. Evidence of its commitment comes with the firm's recent announcement to acquire Udacity and follows news back in Q4 of its \$3 billion commitment to expand its position in the AI evolution; watch the interview with their CEO.^{7,8} Capital markets access is a critical opportunity for a company who is constantly looking at transformational opportunities in its strategy, and this evolution involves not just software, but people as well. Since 2019, Accenture PLC has grown its headcount and revenues at a 48% clip; from 505,000 people to over 743,000, and from revenues of \$43 billion to over \$64 billion. Steady growth may be boring, but when it delivers 59% growth in earnings per share (EPS) it is quite exciting. EPS has grown during this period from \$7.36 to \$11.67.^{9,10}

MICROSTRATEGY: THE FIRST BITCOIN DEVELOPMENT COMPANY

Michael Saylor is a certified genius who took on the personal mission to make bitcoin everyone's choice for a store of value. As everyone who is reading this piece knows, Satoshi was the creator of the "first decentralized cryptocurrency" referred to as bitcoin. As far as we know, Saylor is no Satoshi, but to some degree he might as well be. MicroStrategy as a company now holds over 193,000 bitcoin, and make no mistake about it: Michael Saylor's thirst for bitcoin is unquenchable. When a sophisticated syndicate of institutions are willing to loan the firm you founded \$700 - \$800 million to buy bitcoin at a huge premium over the value of the assets for 6 years, why not close the deal quickly, especially when the terms for the carrying cost is just 0.625 BPs* (Less than 1%)? The premium on the MicroStrategy stock is actually 42%, but the premium of the deal to the underlying net asset value is close to 100%.¹¹ Of course, cynics may highlight this as a sign of a top in the speculation (much like in 2021) and point to the fact that similar deals were struck by Saylor during that period that raised close to \$1.5 billion (see article).¹²

The firm currently has about \$2.2 billion in debt, including the senior debt we bought for the Fund in 2022. Its weighted average fixed interest rate is 1.6%. This playbook, of course, seems to work well in a bull market, but can be toxic in a bear market. Our point in highlighting what may be obvious is that Saylor's views on capital markets and the MSTR cap stack are very much underrated. As a reminder, he owns a special class B stock that has super voting rights, and negotiated a brilliant deal with Silvergate bank that effectively enabled MSTR to reclaim bitcoin at a discount by paying the debt owed by MicroStrategy at a discount. This MIT graduate knows how to arbitrage opportunities, and his 30 years managing MicroStrategy as CEO has made him keenly aware of the value of liquid capital markets. Our last point about Saylor is that people should appreciate that he operates with a very long timeline, and this plan of working the capital stack did not work for him in the context of buying other software businesses through MicroStrategy. The opportunity for Bitcoin is unique for him, and may be about his views on his own legacy to the world.

BLOK MONTHLY COMMENTARY

The Amplify Transformational Data Sharing ETF (BLOK) rebounded and rallied 24.69% in February, which brings the Year-to-Date NAV return to 12.34%. Much of the rebound was related to the roughly 10% portfolio holdings in "direct bitcoin exposure," and the Fund's position in the bitcoin miners. Bitcoin was up about 45% during the period. As a reminder, BLOK's mandate is to capitalize on both the price action of bitcoin and the transformation that is coming from digital assets across industries, sectors, and the globe. The bottom line is that while bitcoin price matters, we believe that our diversified approach, on a long-term basis, will lead to less volatility and capture a fuller path towards our expectations around such disruption more effectively than one single measure of such change.

TOP 10 HOLDINGS *(as of 2/29/2024)*

TICKER	COMPANY	% WT.	TICKER	COMPANY	% WT.
GLXY CN	GALAXY DIGITAL	7.17%	MARA	MARATHON DIGITAL	3.76%
MSTR	MICROSTRATEGY	6.04%	8473 JP	SBI HOLDINGS	3.45%
COIN	COINBASE GLOBAL	4.80%	RIOT	RIOT PLATFORMS	3.18%
BYON	BEYOND	4.49%	HOOD	ROBINHOOD MKTS	3.07%
CLSK	CLEANSARK	4.45%	NU	NU HLDGS	2.64%

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 2/29/2024	CUMULATIVE (%)				SINCE INCEPTION	ANNUALIZED (%)			
	1 MO.	3 MO.	6 MO.	YTD		1 YR.	3 YR.	5 YR.	SINCE INCEPTION
Fund NAV	24.69%	41.31%	55.13%	12.34%	104.42%	86.25%	-8.63%	18.06%	12.40%
Closing Price	24.72%	41.05%	54.40%	12.40%	104.21%	86.16%	-8.49%	18.06%	12.38%
QUARTER END AS OF 12/31/2023	1 MO.	3 MO.	6 MO.	YTD	SINCE INCEPTION	1 YR.	3 YR.	5 YR.	SINCE INCEPTION
Fund NAV	25.79%	51.69%	33.36%	98.09%	81.96%	98.09%	-0.22%	19.29%	10.57%
Closing Price	25.49%	51.50%	32.72%	99.69%	81.69%	99.69%	-0.44%	19.42%	10.54%

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.

Short-term performance, in particular, is not a good indication of the fund's future performance, and an investment should not be made based solely on returns. For performance data current to the most recent month-end please call 855-267-3837 or visit [BLOKETF.com](https://www.blokETF.com). 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

The Fund's performance in February was driven by its correlation to bitcoin. In fact, the Fund had two stocks that were up about 100% in the month and the overall performance of mining stocks was extraordinarily high. The mining stocks tend to be a high beta play on bitcoin price, but the factors behind their correlation and momentum are usually a function of individual growth in bitcoin production. Cleanspark had such momentum. Historically, bitcoin price has also favored companies such as Marathon Digital. The challenge in April and May will be the effectiveness of that momentum when production gets cut in half and costs remain fixed. During this period, we will be watching for companies in the mining space that are consolidators of distressed assets, but given the run up in price of late and the potential that further Bitcoin price may be led by Spot ETF access, it is possible that the beta in the miners will surprise many and run longer than expected.

TOP 10 CONTRIBUTION TO RETURN *(For period 1/31/2024 - 2/29/2024)*

	Average Weight (%)	Total Return (%)	Contribution to Return (%)
AMPLIFY TRANSFORMATIONAL DATA SHARING ETF			
MICROSTRATEGY	5.22	104.07	4.39
CLEANSARK	4.19	107.70	3.05
COINBASE GLOBAL	4.04	58.78	2.10
GALAXY DIGITAL HOLDINGS	5.15	46.14	2.05
BEYOND	3.84	52.48	1.86
MARATHON DIGITAL HOLDINGS	3.81	46.08	1.58
ROBINHOOD MARKETS	2.68	51.86	1.26
RIOT PLATFORMS	3.44	29.54	0.88
PURPOSE BITCOIN ETF	1.97	46.11	0.84
CI GALAXY BITCOIN ETF USD	1.86	45.81	0.79

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TRANSACTIONS AND REPOSITING

In February, pursuant to process, we trimmed two of our top holdings: MicroStrategy (MSTR) and Galaxy Digital Holdings (GLXY CN). We also took some profits off the table in Customers Bancorp (CUBI). We hold very little exposure in the banking sector even though we expect that area to experience tremendous change from Blockchain. As a reminder, CUBI was purchased because of its willingness to interact with Bitcoin miners and this position has been meaningfully trimmed back since we bought it. The only purchase during the month was RIOT Platforms (RIOT).

SUMMARY

The mandate of BLOK remains a picks and axes strategy, which at times will move in tandem with the price action of bitcoin, but sometimes we may reduce exposure to the asset class to manage risk and target more of the large cap stocks involved in the evolution. To this point, we run a disciplined approach to the space with limits around the concentration of our holdings as well as an approach that seeks to be diversified. While the flows into Spot Bitcoin have captured many of the headlines with a run up in Bitcoin, the momentum behind the transformational change coming through blockchain technology continues to build. Fortunately with BLOK, investors get a combination of both trends. In February, we trimmed some of this highly correlated exposure due to our process, mostly in MicroStrategy and Galaxy Digital. Of course, we remain hearty enthusiasts for the momentum that is building around bitcoin price and the Spot ETFs that provide wonderful access to the asset class. However, beyond just price, we are even more optimistic around the technological disruption that we expect will come from the trillions of dollars' worth of value that will be placed on tokenization platforms.

ADDITIONAL RESOURCES

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

- If you think we are optimistic when you read about trillions check out Marco Balmer's report The Blockchain and blockchain development sector – statistics and facts (kruschecompany.com)¹³
- Ordinals lead to transactional volume and increased revenues for Bitcoin Miners. Effectively they are NFTs that are programmed on the Bitcoin Network. See source for further explanation. What are Ordinals?¹⁴
- Satoshi Nakamoto Original Bitcoin White paper: Bitcoin: A Peer-to-Peer Electronic Cash System <https://bitcoin.org/bitcoin.pdf>

APPENDIX A: MONTHLY DETAILED PERFORMANCE CONTRIBUTION CHART (For period 1/31/2024 - 2/29/2024)

	Average Weight (%)	Total Return (%)	Contribution to Return (%)
AMPLIFY TRANSFORMATIONAL DATA SHARING ETF			
Information Technology	46.03	27.88	12.79
MICROSTRATEGY INC	5.22	104.07	4.39
CLEANSARK INC	4.19	107.70	3.05
MARATHON DIGITAL HOLDINGS	3.81	46.08	1.58
RIOT PLATFORMS INC	3.44	29.54	0.88
BITFARMS LTD/CANADA	3.27	23.23	0.75
GMO INTERNET GROUP INC	2.66	-1.35	-0.08
INTL BUSINESS MACHINES CORP	2.66	1.65	0.05
ACCENTURE PLC	2.48	3.00	0.09
ADVANCED MICRO DEVICES	2.20	14.81	0.33
HIVE DIGITAL TECHNOLOGIES	2.10	17.67	0.38
HUT 8 CORP	1.74	13.12	0.23
TAIWAN SEMICONDUCTOR-SP ADR	1.62	13.91	0.26
ORACLE CORP	1.60	-0.02	0.01
DIGITAL GARAGE INC	1.54	-5.17	-0.12
CORE SCIENTIFIC INC	1.27	27.89	0.66
COMPOSECURE INC	1.18	-3.97	-0.05
CIPHER MINING INC	1.17	-2.63	-0.02
QUALCOMM INC	1.01	6.79	0.07
BROADCOM INC	0.99	10.21	0.12
OPERA LTD-ADR	0.79	10.93	0.08
CANAAN INC	0.75	9.41	0.08
MSTR 6 ½ 06/15/28	0.20	1.93	0.00
BIGG DIGITAL ASSETS INC	0.15	19.77	0.03

	Average Weight (%)	Total Return (%)	Contribution to Return (%)
Financials	35.41	21.88	7.72
GALAXY DIGITAL HOLDINGS LTD	5.15	46.14	2.05
COINBASE GLOBAL INC	4.04	58.78	2.10
SBI HOLDINGS INC	3.71	7.91	0.31
PAYPAL HOLDINGS INC	2.70	-1.65	-0.07
ROBINHOOD MARKETS INC	2.68	51.86	1.26
NU HOLDINGS LTD/CAYMAN ISL-A	2.65	28.69	0.74
BLOCK INC	2.49	22.24	0.57
CME GROUP INC	2.37	7.05	0.17
CUSTOMERS BANCORP INC	1.84	1.63	-0.01
BLACKROCK INC	1.39	4.78	0.07
MASTERCARD INC	1.34	5.68	0.08
DBS GROUP HOLDINGS LTD	1.28	3.92	0.05
VISA INC	1.17	3.63	0.05
FRANKLIN RESOURCES INC	1.14	3.08	0.04
WISDOMTREE INC	1.07	19.55	0.19
MOGO INC	0.19	13.69	0.05
MOGO INC	0.18	12.37	0.05
Consumer Discretionary	7.44	23.29	1.73
BEYOND INC	3.84	52.48	1.86
MERCADOLIBRE INC	2.43	-6.81	-0.17
ALIBABA GROUP HOLDING-SP ADR	1.16	2.58	0.04
Communication Services	3.56	-3.18	-0.07
ROBLOX CORP	2.31	2.81	0.13
LY CORP	1.25	-12.68	-0.20
Consumer Staples	1.07	6.40	0.08
WALMART INC	1.07	6.40	0.08
Industrials	0.85	9.05	0.08
CACI INTERNATIONAL INC	0.85	9.05	0.08
Not Classified	5.65	36.20	1.93
PURPOSE BITCOIN ETF	1.97	46.11	0.84
CI GALAXY BITCOIN ETF USD	1.86	45.81	0.79
INVESCO GVT & AGENCY-INST	1.12	0.40	0.01
3IQ BITCOIN ETF	0.37	44.95	0.16
BITCOIN ETF-USD	0.33	44.90	0.14
CHINA RENMINBI	0.00	0.06	0.00
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



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.fruitnet.com/fresh-produce-journal/blockchain-technology-offers-major-boost-to-tomatoes/258917.article>

² <https://foodinsight.org/wp-content/uploads/2019/05/IFIC-Foundation-2019-Food-and-Health-Report-FINAL.pdf>

³ <https://amwayconnections.com/healthy-living/consumers-want-traceability-transparency-in-their-products/>

⁴ <https://nielseniq.com/global/en/landing-page/label-insight/>

⁵ <https://www.accenture.com/us-en/insights/blockchain-index>

⁶ <https://www.accenture.com/us-en/services/blockchain-index>

⁷ <https://newsroom.accenture.com/news/2023/accenture-to-invest-3-billion-in-ai-to-accelerate-clients-reinvention>

⁸ <https://www.cnn.com/video/2024/03/05/accenture-ceo-talks-new-learnvantage-program-that-upskills-workers-in-ai-tech.html>

⁹ <https://www.accenture.com/content/dam/accenture/final/a-com-migration/pdf/accenture-fiscal-2019-annual-report.pdf>

¹⁰ <https://www.accenture.com/content/dam/accenture/final/capabilities/corporate-functions/marketing-and-communications/marketing---communications/document/Accenture-Fiscal-2023-Annual-Report.pdf#zoom=50>

¹¹ https://www.microstrategy.com/press/microstrategy-announces-pricing-of-offering-of-convertible-senior-notes_03-06-2024

¹² <https://www.microstrategy.com/press/microstrategy-completes-650m-offering-of-convertible-senior-notes-due-2025>

¹³ <https://kruschecompany.com/blockchain-sector-statistics-and-facts/>

¹⁴ <https://www.youtube.com/watch?v=pFY0InbFg7A>

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. 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.

Amplify ETFs are distributed by Foreside Fund Services, LLC.