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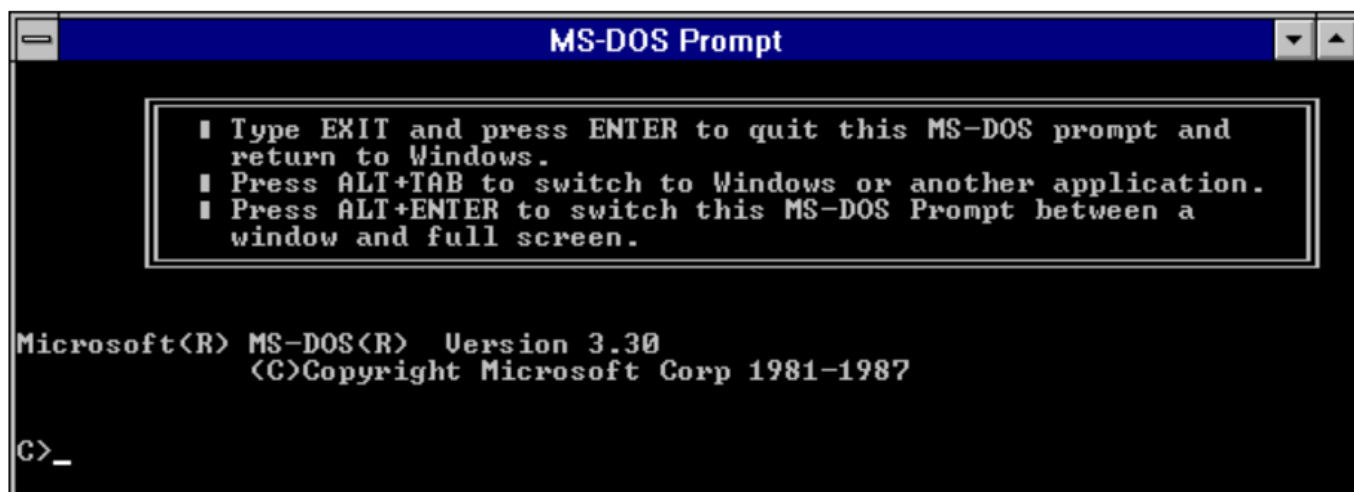
The BLOK-Chain Monthly

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

By Dan Weiskopf and Mike Venuto, Co-Portfolio Managers
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As of September 30, 2024, BLOK's NAV returns were up 6.25% for the 1 month, 5.79% for the Q3, and is up 25.53% YTD ([see standardized performance](#)). More importantly, the driver of these returns is evidence that real change is on the horizon. In September, at the Singapore 2049 Conference, Sergey Nazarov, the Co-founder of Chainlink, delivered an eye-opening keynote address that explained his idea of why adoption is at an intersection between TradFi and DeFi, which will ultimately lead to hundreds of trillions of value, measured by dollars and code. Note that many readers of this report likely have not heard of Sergey Nazarov or Chainlink, but in a changing world, innovation does not usually come from your next door neighbor. Chainlink, which he co-founded, is an industry platform standard that is powering and integrating the decentralized computing ecosystem referenced as DeFi. "Chainlink since 2022 has enabled over \$15 trillion in cumulative transaction value by providing financial institutions, startups, and developers worldwide with access to real-world data, and offchain computations. It provides a base level of security and cross-chain interoperability across any blockchain." Check out his full Token Singapore 2049 keynote speech as well as all of our footnotes links below.²

Further to the point, we see supporting evidence of adoption from major leading public companies like Visa, Blackrock, and Alphabet. In addition, during September we saw trillion-dollar financial institutions like Bank of New York³ and DTCC⁴ making announcements about their positioning and product offerings in the coming infrastructure buildout. We note that all these trillion-dollar companies may not be in the portfolio, but anyone who is not paying attention to their strategic efforts towards tokenization and blockchain is living in the 1981 world of MS-DOS.



Bottomline, adoption is accelerating because of the efficiencies that blockchain may offer, and scaled business operators know that the technology attributes offered by DeFi that help lower cost, increase efficiency, and improve reliability with transparency may threaten their businesses if they don't get on board. To this point, we share some exciting new KPI bullets:



In 5 minutes, you can get a Home Equity Line of Credit (HELOC) on the blockchain through Figure Technologies. Cumulatively, Figure has wrapped \$12 billion in HELOCs. In 2024, the total outstanding HELOC debt in the US was \$380 billion, so this opportunity is quite large. Traditional HELOC through Tradfi usually take 5 weeks.



It has only been about 120 days, but as of the latest report, \$190 million of life insurance was hosted on Blockchain through Infineo. The Life insurance market worldwide is projected to reach a market size (gross written premium) of US\$3.56tn in 2024.⁵



Total Value of Tokenized Private Credit on Chain is \$14.93 billion⁶, but according to McKinsey, the total addressable market is expected to expand from \$2 trillion to \$30 trillion through nonbank resources and technology pools on digital assets.⁷

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](#).



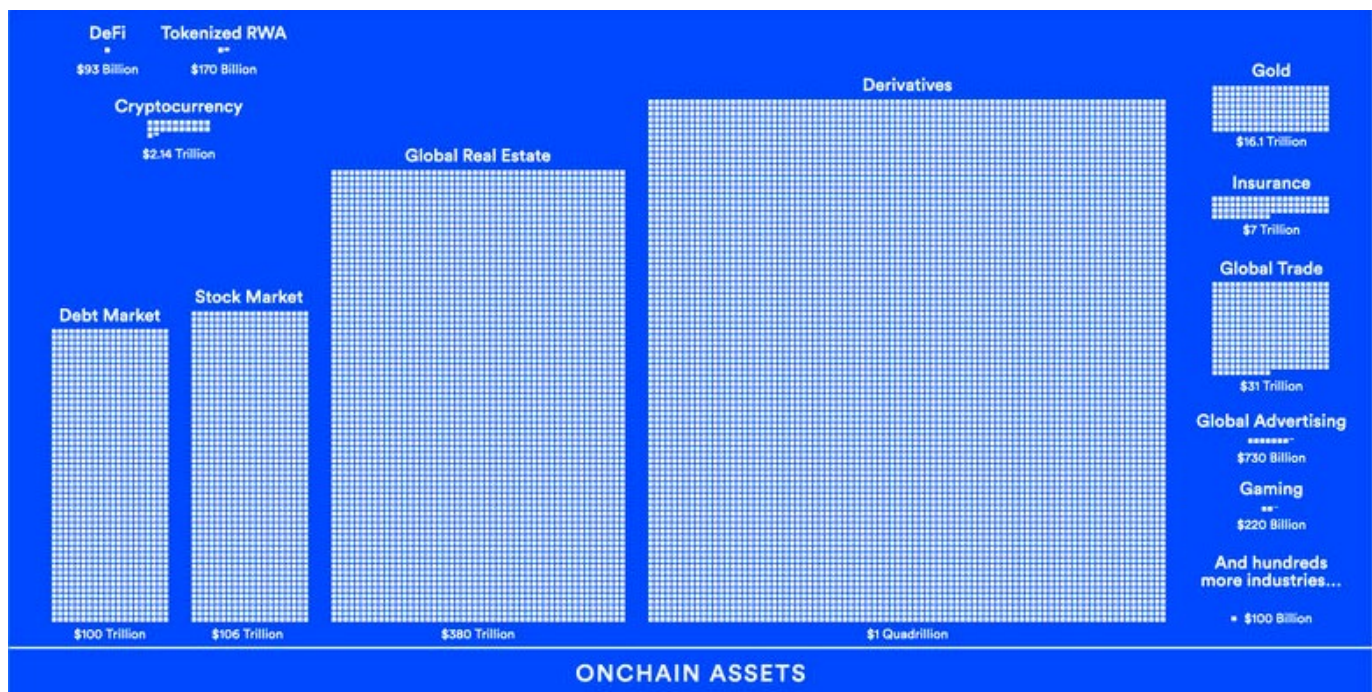
According to Nic Carter of Castle Island Ventures, Stablecoins have generated about \$4.96 trillion in volume this past year and expanded from \$127 billion to \$171 billion. They are also supportive of US dollars and backed by US Treasuries, which is why most people buy them. The number of addresses has also increased to 23 million, up from 16 million, and 45% of people hold Stablecoins because they are backed by US Dollars.⁸



Visa reports that \$1.5 trillion in Stablecoin transactions took place in the past 30 days⁹ which compares to about \$3.9 trillion of volume for Visa.¹⁰

We admit the size and scale of these KPIs are challenging to truly appreciate it. However, as we move into 2025, we think it's important that investors think beyond just Bitcoin. The world is a rapidly changing and regardless of whether an investor allocates to BLOK, we believe these KPIs provide solid evidence that the disruption cannot be ignored.

THE MARKET FOR ONCHAIN ASSETS IS ACTUALLY HUNDREDS OF TRILLIONS



Source: Chainlink Labs, August 2024

TRANSACTIONS AND REPOSITIONING

Pursuant to process, in September we trimmed Core Scientific because its success continues to make it an overweighted top position. Similarly, we trimmed Galaxy Digital. We sold Accenture because its head of blockchain left the firm. Offsetting purchases included Terawulf and some additional ownership in the Bitcoin spot basket of ETFs.

ATTRIBUTION

We highlight above the trillion-dollar opportunity that some well-known large-cap companies are pursuing the use of blockchain technology to develop the tokenization of Real World Assets (RWA), but would note that in our investment strategy, we overweight small-cap and mid-cap companies to help drive alpha¹¹ and provide high active share.¹² We believe the disruption that will come from these evolutions parallels the pattern that followed ETF evolution over these past 25 years. Meaning, mutual fund companies like Blackrock and Vanguard that embraced the wrapper grew exponentially, while those that remained stubborn and did not embrace the inevitable were marginalized as zombie companies. The fact is that regardless of a company's market size or dominance, companies need to evolve and embrace disruptive technologies. Paypal (PYPL) and BLOCK, Inc (SQ) are examples of large-cap companies that are willing to disrupt their business to embrace change because as payment companies they have no choice in our opinion. Of course, we also invest in certain large-cap quality growth companies to help balance the portfolio's risk and envision their investment in leading-edge technology as a reflection of their firm's culture and leadership. This is different than much of the risk we take in the small-midcap stocks where we are seeking to take asymmetrical risk with a highly differentiated and innovative portfolio.

We have frequently written about the Bitcoin miners industry exposure in this section of the report, which currently represent about 22% of the portfolio or about 40% of the small-midcap portfolios. Note that recently we added Terawulf, Inc (WULF) and a small allocation to Bitdeer Bonds (BTDR). The allocation to the category represents the high end of our historic exposure, but this is in part because many are diversifying towards artificial intelligence (AI). We hold 55 positions in the portfolio and would note that nine companies are in this category. In past reports, we have also highlighted small companies like Nu Holdings and CompoSecure. In this report, we would highlight Opera Ltd as a random interesting company in the portfolio as it is an example of a profitable infrastructure play in crypto.

Opera is a browser company that sits on top of Google and has built a presence targeted at emerging markets and southeast Asia. They have 100 million users in Africa alone, especially in Nigeria, Ghana, South Africa, and Kenya. The browser provides access to a proprietary crypto wallet and a stablecoin. In our research, we believe the growing company is highly profitable and the stock has paid a wonderful \$0.82 dividend, which has historically been covered through cashflow. We highlight this obscure \$1.3 billion small-cap company as an example of what we believe may be diamonds in the rough in our portfolio. We have been involved as investors in this company off and on for about 5 years.

For Q3, outsized positive returns came from CompoSecure, Core Scientific, and Paypal, which were up 106.18%, 27.53% and 34.56%, respectively. These holdings added 1.78%, 1.52% and 1.05% to the portfolio, respectively. On the downside, while the bitcoin mining category experienced headwinds, only Cleanspark was down meaningfully at -41.44%, a -1.5% hit to the portfolio. Because the portfolio is very diversified, we define meaningful as anything moving the portfolio greater than 1%.

TOP 10 HOLDINGS *(as of 9/30/2024)*

TICKER	COMPANY	% WT.	TICKER	COMPANY	% WT.
Core Scientific	CORZ	5.68%	NU	NU	3.24%
Galaxy Digital	GLXY CN	5.62%	Block	SQ	3.19%
MicroStrategy	MSTR	4.40%	Coinbase Global	COIN	3.14%
PayPal	PYPL	3.67%	Intl Business Machines	IBM	3.10%
Robinhood Markets	HOOD	3.35%	ROBLOX	RBLX	3.02%

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

AS OF 9/30/2024	CUMULATIVE (%)					ANNUALIZED (%)			
	1 MO.	3 MO.	6 MO.	YTD	SINCE INCEPTION	1 YR.	3 YR.	5 YR.	SINCE INCEPTION
Fund NAV	6.25%	5.79%	3.13%	25.53%	128.42%	90.41%	-1.10%	20.26%	13.11%
Closing Price	6.08%	5.78%	2.96%	25.70%	128.37%	90.43%	-0.95%	20.25%	13.11%

Fund Inception Date: 1/17/2018. 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.

SUMMARY

As of September 30, 2024, BLOK's NAV returns were up 6.25% for the 1 month, 5.79% for the Q3, and is up 25.53% YTD. These numbers were earned through a highly differentiated portfolio. Broad US technology currently has about 10% overlap to BLOK and the Nasdaq QQQs are only 7%. High active share towards global growth is important to allocators who are looking to add value. We speak a lot about "trillion" in this report as evidence of the magnitude that blockchain and tokenization are having on today's industry. The infrastructure buildout of blockchain and tokenization is not as apparent as cybersecurity and AI, but just because the MS-DOS operating systems work well does not mean that constant upgrades are not in order. Our point in highlighting MS-DOS as an example is that our software ecosystem after 40 years is highly dependent on concentrated power in the same way that Tradfi has a concentration of power. We believe DeFi is the answer, and those who are turned off by the "crypto" label because of the focus on price action miss the point. Our infrastructure is old and can be better. People and investors should consider the fact that blockchain and tokenization use decentralized open-source solutions built using cryptology to make systems faster and more efficient. This is a benefit of global capitalism and small business that will help power the upgrade cycle for the foundation of our infrastructure in the future. Embrace the momentum!

EDUCATION

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

- Podcasts: Public Key, open.spotify.com/episode/4Sp7I5nYImwb6sq4DmJyJR?si=dvl998B4T4q6WZWYAdlqRw
- Binance Research: public.bnbstatic.com/static/files/research/rwas-a-safe-haven-for-onchain-yields.pdf
- Satoshi Nakamoto Original Bitcoin White paper: Bitcoin: A Peer-to-Peer Electronic Cash System bitcoin.org/bitcoin.pdf

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 youtube.com/watch?v=JDliZdSKD8M

² blog.chain.link/wp-content/uploads/2024/09/2024.09-TOKEN2049-Sergey-Nazarov.pdf

³ bloomberg.com/news/articles/2024-09-24/bny-plans-to-custody-crypto-for-etfs-after-sec-review?embedded-checkout=true

⁴ prnewswire.com/news-releases/dtcc-and-digital-asset-complete-successful-pilot-to-test-collateral-and-margin-optimization-through-tokenization-302255589.html

⁵ statista.com/outlook/fmo/insurances/life-insurance/worldwide

⁶ app.rwa.xyz/private_credit

⁷ mckinsey.com/industries/private-capital/our-insights/the-next-era-of-private-credit#

⁸ niccarter.info/wp-content/uploads/token2049_2024_ncarter_revised.pdf | youtube.com/watch?v=v9S6TjXasJw | castleisland.vc/writing/stablecoins-the-emerging-market-story/

⁹ visaonchainanalytics.com/transactions

¹⁰ ycharts.com/indicators/visa_inc_v_payments_transaction_volume_quarterly

¹¹ Alpha is the excess returns earned on an investment above the benchmark return

¹² Active Share is a measure of the percentage of stock holdings in a manager's portfolio that differs from the benchmark index.

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.