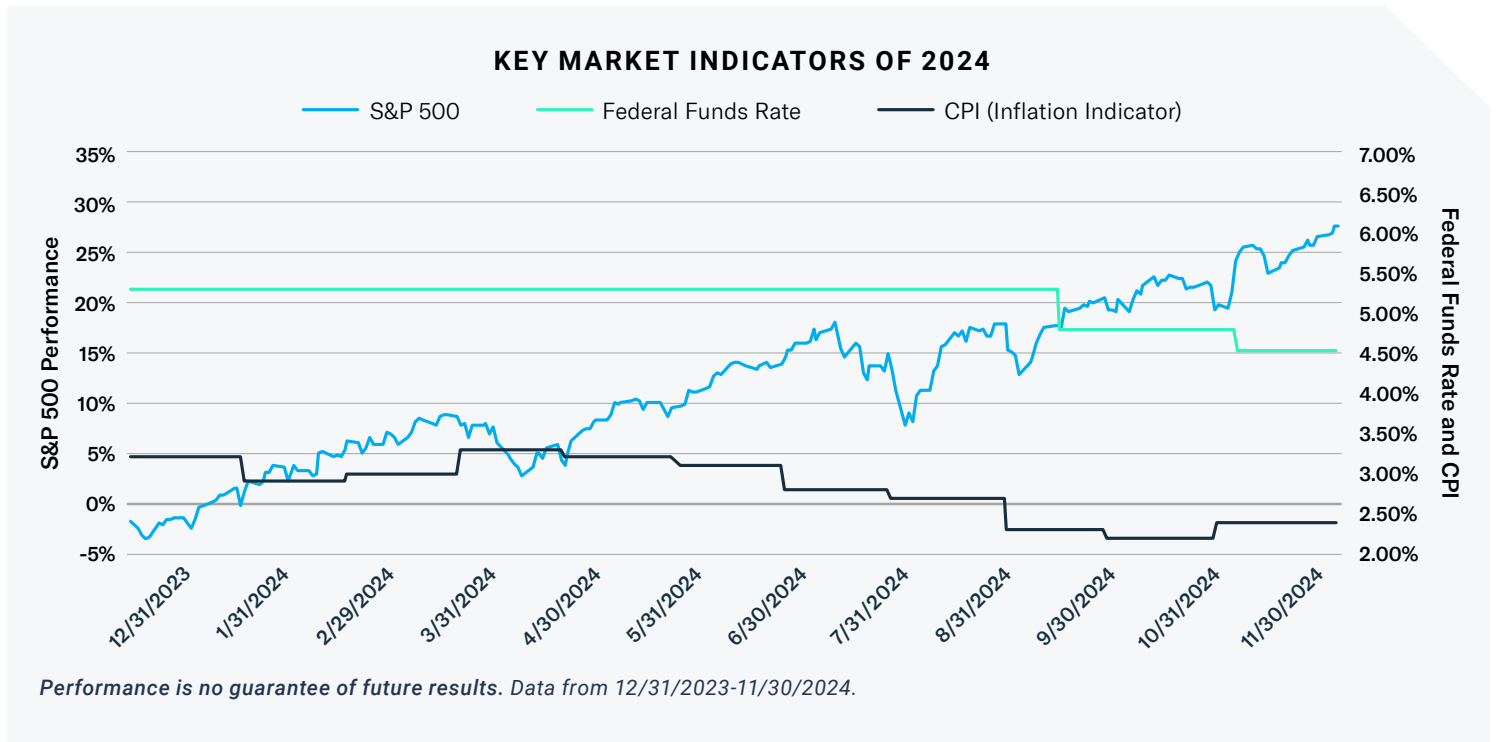


2025 Investment Outlook

Six Themes to Consider

Key considerations in cryptocurrencies, artificial intelligence and thematic trends, market breadth, income diversification, scarce resources, and volatility management.

In 2024 geopolitical tensions around the globe unnerved investors and dominated headlines throughout the year, yet U.S. equity markets had a great year. The S&P 500 Index — on track for its best yearly performance in the 21st century — continued to reach new all-time highs and was up a whopping 27% as of the end of November, the Russell 2000 hit a new all-time high while the tech heavy Nasdaq rose around 30%.



Throughout the year, we held a cautiously optimistic view towards the markets and anticipated volatility over the election and strong returns over the course of the year. We believe that was a successful approach in 2024. While optimism appears to have won out over caution, it is prudent to prepare for volatility as we anticipate political and fiscal shifts in the year ahead.

As such, we continue to hold the view of cautious optimism as we head into 2025. The economy and inflation have slowed but are progressing, there are few signs of a recession, and the Federal Reserve appears poised to continue to cut rates. Geopolitical tensions will continue to be a concern, including the possibility of a trade spat with global partners. In short, we expect a mix of tailwinds and volatility as the calendar turns to the new year.

Against that backdrop, here are six investment themes we think investors should consider for 2025:

1. Benefit from potential cryptocurrency tailwinds.



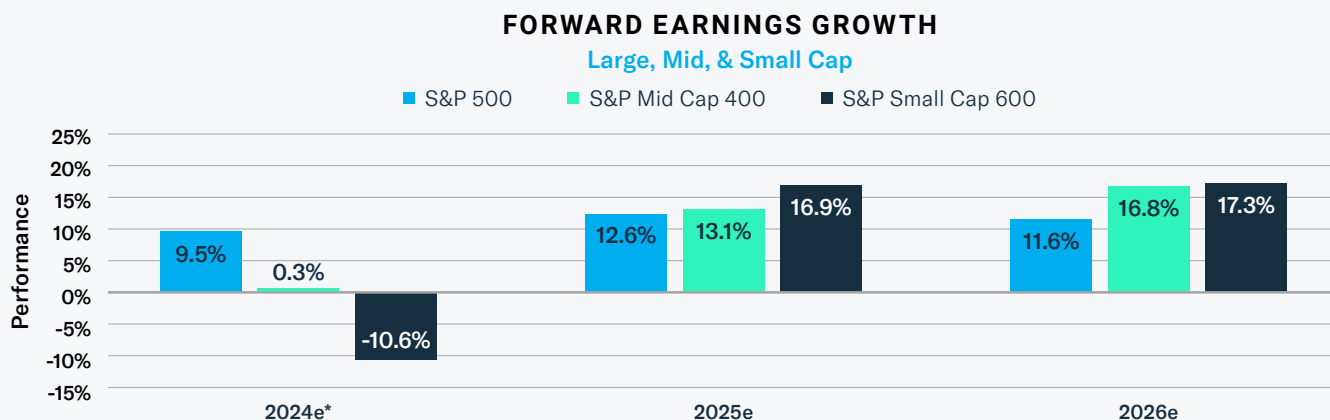
2024 was a good year for bitcoin and many of the adjacent crypto and blockchain technology companies. The new administration appears poised to engage in much needed practical regulatory guidance conversations with the industry. Current SEC chairman Gary Gensler has resigned, and the recently named incoming administration's replacement is supportive of the industry. In addition, other key figures inside the Trump administration generally have pro-crypto views. Meanwhile, the idea of a proposed bitcoin reserve for the U.S. and other nation states is gaining traction. All of these factors should be quite supportive of further growth and usage of cryptocurrencies, and blockchain technology in the coming year. Potentially big beneficiaries beyond major crypto currencies could be the growing universe of companies in both crypto and blockchain market segments.

2. Pivot for the return of market breadth.

The hallmark of equity returns in the last few years have been concentrated on a handful of tech names — the so-called Magnificent Seven. We expect market breadth to return, although the broadening of returns may take some time. While these magnificent large-cap growth stocks may continue to participate in rising equity market, we believe responsible diversification is in order.

Investors should consider maintaining their equity exposure but broaden it beyond the Magnificent Seven. Within large cap stocks, strong free cash flow paired with dividends or a diversified blue-chip basket paired with a covered call strategy could help reduce potential volatility that we touch on later.

Meanwhile, small and mid-cap ("SMID") stocks are undervalued and could be another beneficiary from the return of market breadth. The Russell 2000 recently hit new highs and may be gaining momentum from [reasons](#) we've highlighted before including fed rate cuts, prices at discounts to historical valuations, and most notably, higher forecasted earnings growth than large cap stocks.



Estimates are not intended to be a forecast of future events, a guarantee of results, or investment advice. Amplify Research as of 12/05/24. "e"=estimate.

Furthermore, SMID-caps limited international supply chain exposure could potentially soften adverse effects of global trade unpredictability and harness the benefits of prospective domestic expansion.

3. Prepare for volatility.



Once again, uncertainty hovers in the background around the markets. The factors that could trigger volatility include the pace and impact of interest rate cuts by the Federal Reserve, the overall health of the economy, policy impacts (such as tariffs) and geopolitical uncertainty. Investors may want to consider a covered call¹ strategy for risk mitigation and potential income or even a blackswan approach with a barbell strategy that owns both risk-off U.S. Treasuries and risk-on equity exposure.

4. Focus on income diversifiers.

The Fed officially ended its higher interest rate era of the last few years in 2024 and began cutting rates. While we are undoubtedly heading into a lower rate regime, it is important to remember yields are still attractive compared to the decade following the Great Financial Crisis. Still, we believe investors should consider diversifying their bond and dividend income streams. For example, they can:



Seek income while managing duration risk. Risk averse investors can still earn attractive monthly income while limiting interest rate risk in the form of low duration investment vehicles that track the Secured Overnight Financing Rate.



Consider closed-end funds: Closed-end funds invest in a variety of asset classes and fixed-income CEFs often use leverage to help increase the amount of income for shareholders. As the Fed cuts rates, CEFs can benefit from lower leverage costs and rising fixed-income prices while providing a diversified income stream to investors.



Supplement fixed income. Covered calls aren't just for equities. Investors can access a covered call strategy on a fixed income portfolio, supplementing the income stream from bonds including U.S. Treasuries and also providing a measure of downside risk management.

5. Focus on the long term with AI and thematic investments.

It is often difficult to predict the near-term impact that new policies will have on specific asset classes. As such, we believe investors looking for opportunities should consider thematic strategies supporting longer-term trends that are unlikely to be reversed by new administration policies. For example, we believe the ongoing evolution of artificial intelligence (AI) will continue to represent opportunities for long-term investors, as will the continued need for cybersecurity, and the broader adoption of GLP-1 and other weight loss medications.

AI has dominated the headlines as demand for AI capabilities has driven capex spending by many companies worldwide and produced strong returns, especially for hyperscalers.²

We believe this spending will continue and is broadening into the greater [AI supply chain](#) including cloud computing, semiconductors, and AI hardware (storage and servers). For example, data center demand, which is used for cloud computing, is expected to more than triple by 2030 as cloud computing growth is driven by broader AI adoption.³ Notably, all segments of the cloud market are expected to record a double-digit growth rate in 2025.⁴

6. Recognize the implications of resource demand and scarcity.

Some natural resources may become especially appealing due to potential currency devaluation due to global debt issuance.

As we discussed in our [midyear outlook](#), we still believe in focusing on the increased demand in “old economy” resources that occurs with the emergence of new technologies. Take [silver](#) for example, an important industrial metal for electronics and has been in a supply deficit for the last four years. In addition silver functions as a store of value. Or shipping companies, which still play an essential role in transporting goods to fulfill supply chains. Even bitcoin is considered a scarce asset due to its limited supply of 21 million coins. And we’d be remiss if we forgot about natural resource stocks, as a diversified basket of natural resource stocks may also offer an attractive dividend.

Conclusion

The great singer/songwriter Bob Dylan once sang, “you don’t have to be a weatherman to know which way the wind blows.” However, no one is able to predict every shift in the wind. Nevertheless, we believe 2025 has potential tailwinds for cryptocurrencies, AI and thematic strategies, expanding market breadth, diversified income, and scarce resources alongside bouts of volatility occurring throughout the year. As investors, we embrace the uncertainty in the year ahead as it creates an immense landscape of opportunity.

¹ A covered call refers to a financial transaction in which the investor selling call options owns an equivalent amount of the underlying security. ² A hyperscaler is a large-scale data center that offers cloud computing, networking, and data storage services to businesses and individuals. ³ Data centers and AI: How the energy sector can meet power demand | McKinsey ⁴ Gartner Forecasts Worldwide Public Cloud End-User Spending to Total \$723 Billion in 2025

It’s not possible to invest directly in an index. The S&P 500 Total Return Index is a market-capitalization weighted index of the 500 largest U.S. publicly traded companies. The S&P Small Cap 600 Index seeks to measure the small-cap segment of the U.S. equity market. The S&P 400 Index is a stock market index that tracks the performance of 400 mid-sized U.S. companies.

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](#). Read the prospectus carefully before investing.

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. Brokerage commissions will reduce returns.

Covered call risk is the risk that the Fund will forgo, during the option’s life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but has retained the risk of loss should the price

of the underlying security decline.

Investments concentrated in specific industries, sectors, markets, or asset classes may underperform or experience greater volatility than the general securities market. Investments in small and mid-cap companies may have limited liquidity and greater price volatility than large-capitalization companies.

Investments in AI, cloud technology, blockchain, or cybersecurity companies are exposed to risks such as small markets, technological obsolescence, and government regulation. These companies, especially smaller ones, are more volatile and susceptible to adverse events in specific regions or industries.

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