

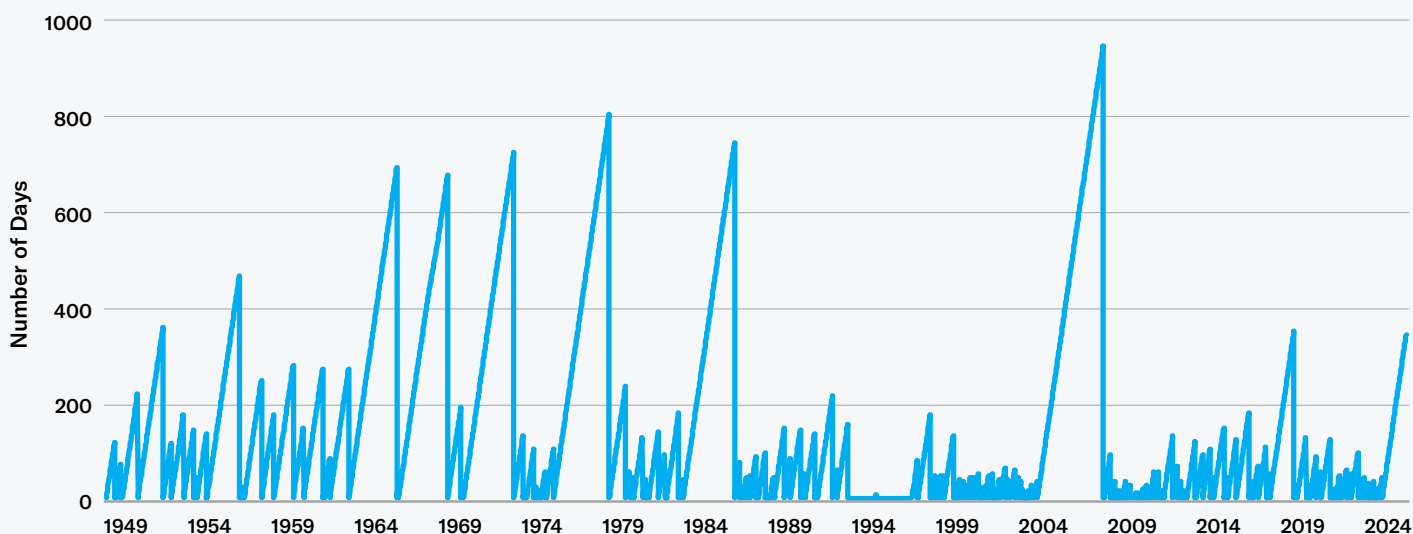
2024 Mid-Year Investment Outlook

Identifying Key Investment Themes

At the beginning of this year, we published our 2024 outlook and described our mood as cautiously optimistic. As we now enter the second half, we can say overall our instincts so far were correct — with respect to both the optimism and the caution. We view the next six months in a similar light.

So far 2024 has been a very solid year for equity markets and other risk assets, with equity indexes hitting all-time highs numerous times through the first half, something that very few financial experts predicted in January. The economy continues to grow while inflation is moderating, but not by so much for the Federal Reserve to cut rates. In fact, despite predictions at the beginning of the year of multiple rate cuts, the Fed has kept rates on hold so far this year. Overall, this year has seen a remarkably stable macro environment and markets have been notably calm over the last several months. In fact, as of the end of June, we had gone 341 trading days without a 2% pullback of the S&P 500, the second longest span since the financial crisis in 2008.

S&P 500 TRADING DAYS WITHOUT A 2% DROP



Past performance is no guarantee of future results.

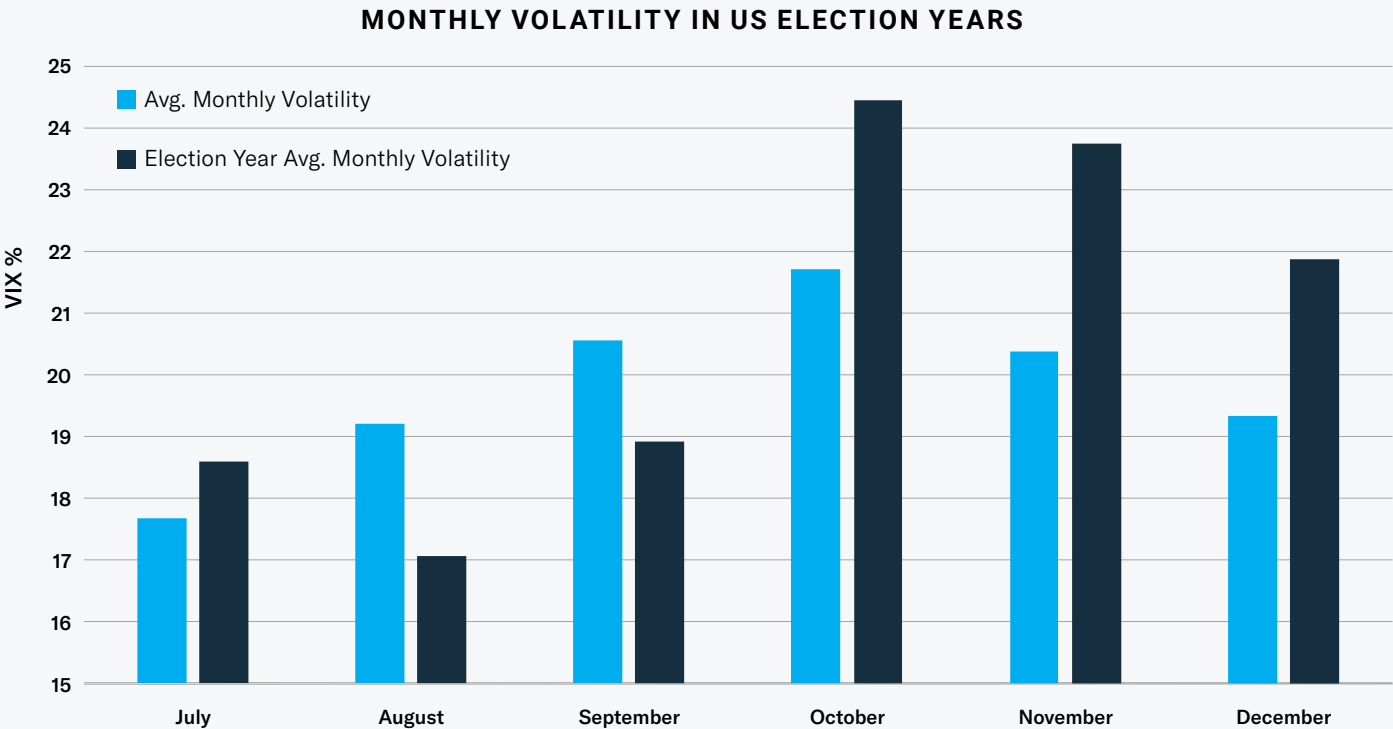
While our optimism has proven to be justified, there are still many reasons to continue to be cautious. The equity rally has been led by technology stocks, specifically those related to artificial intelligence and technology. Remove those and the performance of stocks has been much more muted. Should there be a reversal for those tech leaders the impact on the broader market could be significant. Meanwhile, geopolitical turmoil continues to be a concern, including potentially disruptive elections.

Against that backdrop, let's take a look at the themes we believe investors should consider for the second half of the year.

1. Be positioned for bouts of volatility.

We begin by adding a new theme for the second half of the year, which could see the return of volatility, a possibility based on three factors.

First, is the upcoming US election. Historically, the months around a presidential election have seen a considerable amount of increased volatility as investors consider the impact of any policy shifts from an incoming administration.



Presidential Election Years 1990-June 2024
Past performance is no guarantee of future results.

This may be especially relevant for sectors that would be most impacted by a shift in policy, should there be a change in administration or control of Congress. For example, the current administration has taken significant strides towards cannabis rescheduling and the sector has surged. Energy and Healthcare are other examples of sectors that may be affected by political moves.

Second, seasonal factors could play a role in triggering greater volatility. July is typically the second-best month for equities in the year, while August and September are historically weaker. Of course, this is no hard and fast law of the markets, but it is a trend worth noting.

Finally, the renewed possibility of an interest rate cut by the Fed could affect markets. As of mid-July, the market is expecting that the Fed will act in the coming months, currently pricing in a rate cut in September at more than a 90% probability and increasing the possibility of a second rate cut before year-end.

Investors may be able to manage market volatility by utilizing a strategy long deployed by professional investors: an actively managed basket of high-quality dividend paying stocks that can seek income while hedging against market declines through tactical option writing on individual stocks.

2. Focus on income diversifiers.

With Fed rates cut again potentially on the horizon, we reiterate our belief that investors should consider diversifying their bond and dividend income streams. Specifically, investors can:



Consider high free cash flow yield stocks. Stocks with high free cash flow yields historically have offered more stability than the average U.S. stock, while trading at a discount to the overall market, as measured by the S&P 500 Index.



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

3. Identify opportunities arising from the dollar.



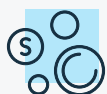
Being diversified internationally has generally worked well for investors in 2024, but with respect specifically to the dollar, this theme has fallen short — so far. With the delay in interest rate cuts by the Fed, along with rate cuts by several international central banks, the dollar has remained strong. With expectations of Fed cuts rising, however, the dollar could well be poised for a reversal in the second half of the year. Given that international equities still look attractive relative to their US counterparts, this could suggest a tailwind for those stocks, as well as for other assets affected by the dollar, such as commodities.

4. Tap into transformation innovations.

We continue to believe that investors may want to consider complimenting their traditional stock portfolio by adding tactical positions focused on themes that offer long-term growth potential, specifically those related to firms at the forefront of extraordinary technological and social change. For the second half, we see opportunities in Blockchain stocks and GLP-1 (weight loss) drugs.



At the beginning of the year, we highlighted blockchain technology and online retail. Blockchain stocks are up more than 18% this year and online retail has lagged, but online retail may see an uptick heading into the holiday season.¹



We would also emphasize the companies tackling the global obesity epidemic with the range of new weight loss drugs and treatments as an attractive opportunity. GLP-1s (weight loss drugs) are anticipated to have a major impact on the health and wellness of individuals, and as such the market for these drugs is significant, projected to achieve a market size of \$130 billion by 2030 and become potentially the highest grossing drug ever over time.²

5. Recognize the implications of resource demand and scarcity.

The focus on the emergence of new technologies can have a surprising consequence of also creating demand for “old economy” resources.



We saw this in the first half of the year with silver, an important industrial metal for electronics, including semi-conductors and electric vehicles, while also serving as a store of value. While silver's industrial use was up, so was interest in hard assets in general, and we anticipate that will continue. Accordingly, silver was one of the best performing assets, up 23.2% YTD.³

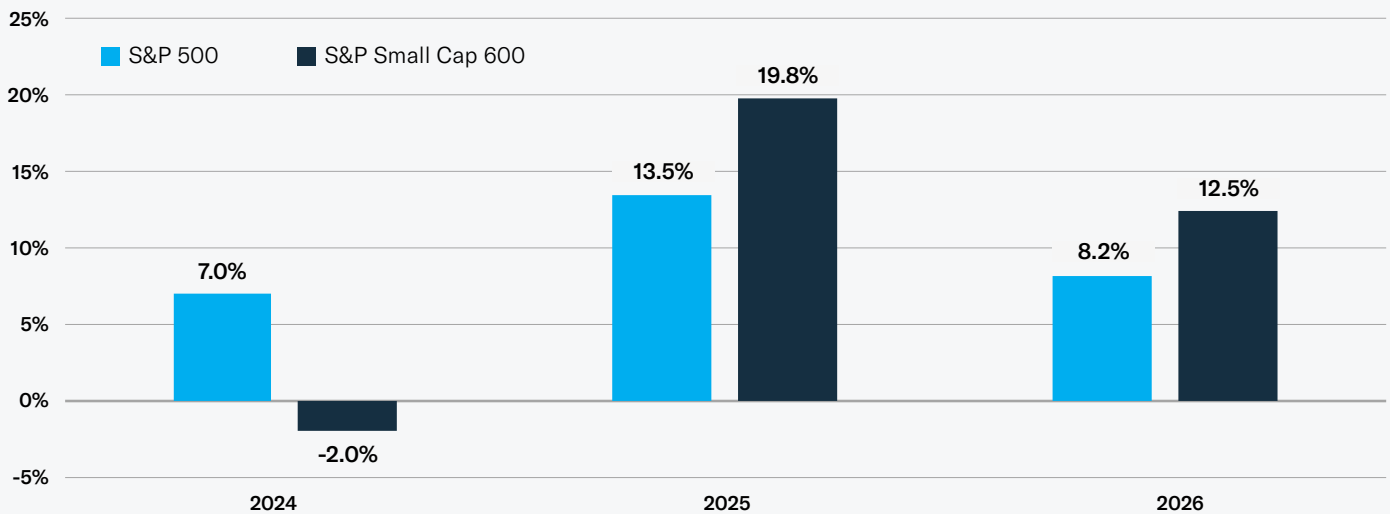


Others in this category, such as the demand for the metals used in batteries and other technologies used in electric vehicles did not perform as well. Meanwhile, we are also sticking with our preference for a diversified basket of oil, gas and commodity-related companies, which performed moderately well in the first half, and can offer an attractive dividend.

6. Look beyond the major benchmarks for opportunity.

With the macro environment still strong, as well as earnings forecasts, particularly for small-cap companies, we see opportunities for investors to diversify beyond the big-cap benchmarks. While small cap stocks have lagged their larger peers so far this year, we believe it may present an opportunity for long term investors to reallocate. To see a comparison between large and small cap forward expected earnings growth take a look at the chart below.⁴

FORWARD EARNINGS GROWTH
Large & Small Cap Indices

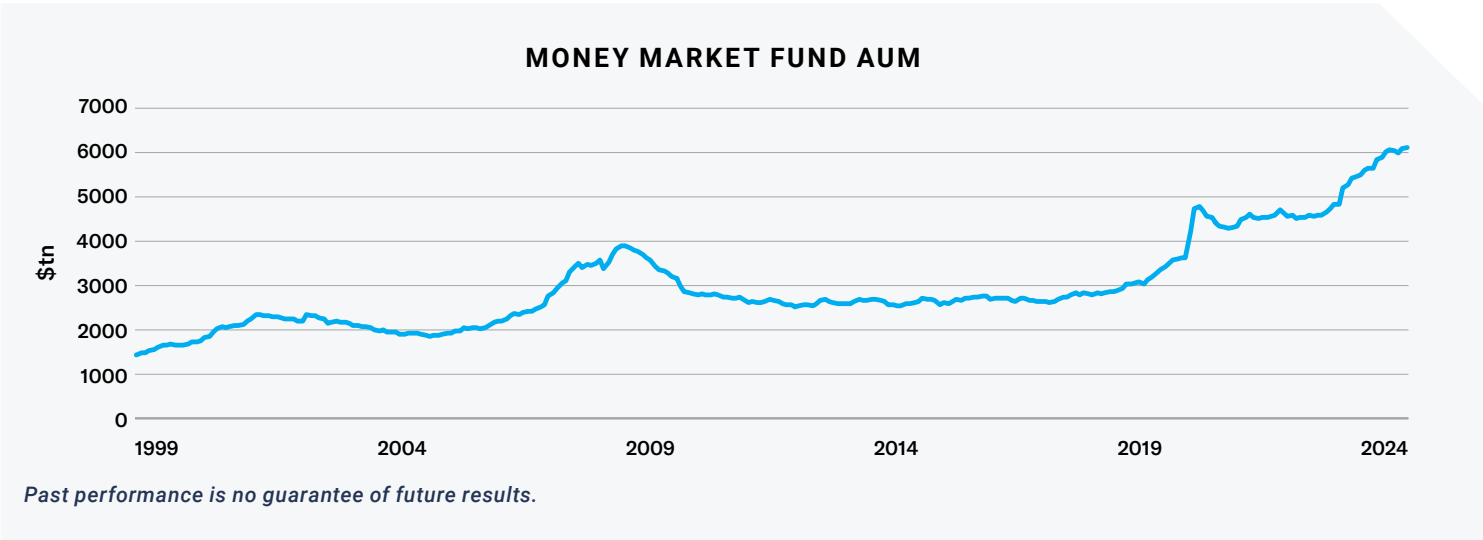


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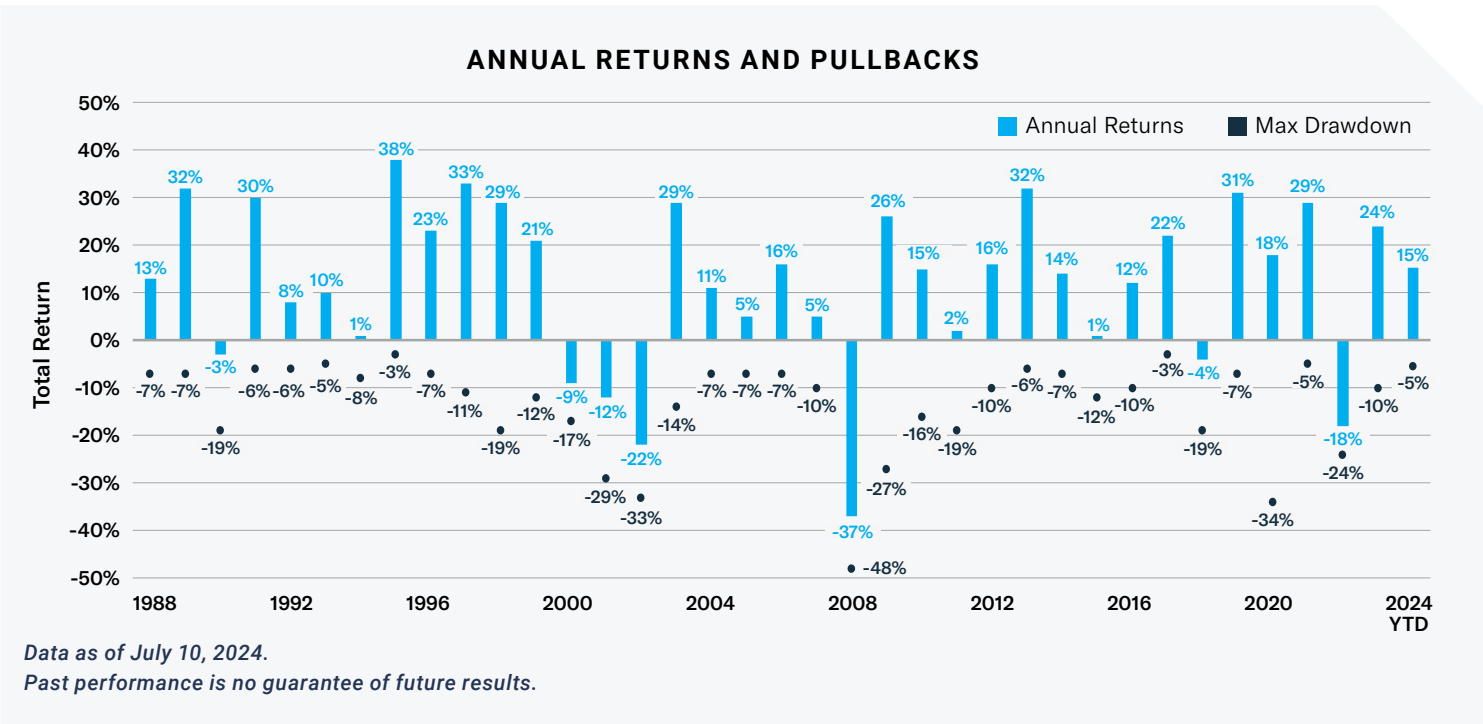
Conclusion

Given the high yields available in money market funds, CDs and other cash products, it is not surprising that many investors have decided to keep cash on the sidelines. While holding some cash is prudent for near-term cash needs, holding too much may cause investors to miss out of equity rallies.

As demonstrated, assets in money market funds are estimated to be at all-time highs.



After the recent rally, many investors may fear that it is too late, and they should wait for a correction. However, it is extremely difficult to time the market. In fact, since 1990, if you waited for a correction, you would have missed 177 all-time-highs in the market — and 165% return.



In short, we maintain our cautious optimism. Investors should be prepared for more volatility, build a diversified portfolio with potential for growth, focus on income streams, and consider strategies such as covered calls to buffer against market declines.

Related ETFs

Income Focused

[**SOF:** Amplify Samsung SOFR ETF](#)

[**COWS:** Amplify Cash Flow Dividend Leaders ETF](#)

[**HCOW:** Amplify Cash Flow High Income ETF](#)

[**DIVO:** Amplify CWP Enhanced Dividend Income ETF](#)

[**IDVO:** Amplify International Enhanced Dividend Income ETF](#)

Transformation Innovations Focused

[**THNR:** Amplify Weight Loss Drug & Treatment ETF](#)

[**BLOK:** Amplify Transformational Data Sharing ETF
\(Blockchain\)](#)

[**HACK:** Amplify Cybersecurity ETF](#)

[**IBUY:** Amplify Online Retail ETF](#)

[**IPAY:** Amplify Mobile Payments ETF](#)

Election Year Sensitive

[**BLOK:** Amplify Transformational Data Sharing ETF
\(Blockchain\)](#)

[**CNBS:** Amplify Seymour Cannabis ETF](#)

[**MJ:** Amplify Alternative Harvest ETF](#)

[**MJUS:** Amplify U.S. Alternative Harvest ETF](#)

U.S. Dollar Sensitive

[**IDVO:** Amplify International Enhanced Dividend Income ETF](#)

[**NDIV:** Amplify Natural Resources Dividend Income ETF](#)

[**EMFQ:** Amplify Emerging Markets FinTech ETF](#)

[**ISWN:** Amplify BlackSwan ISWN ETF \(International\)](#)

Resource Focused

[**SILJ:** Amplify Junior Silver Miners ETF](#)

[**NDIV:** Amplify Natural Resources Dividend Income ETF](#)

[**BATT:** Amplify Lithium & Battery Technology ETF](#)

¹ Amplify data

² Goldman Sachs, Anti-Obesity Drug Market. 10/2023. | <https://seekingalpha.com/news/4111624-goldman-sachs-raises-obesity-drug-market-estimate>

³ Silver is up 23.2% YTD as of 7/17/24.

⁴ 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 seeks to measure the small-cap segment of the U.S. equity market.

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.

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