

JANUARY 2025

# 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)

For the year BLOK's NAV returns were up 52.77%, which includes a rally of 21.70% in the fourth quarter and a decline of 8.92% in December ([see standardized performance](#)). This performance includes an extraordinary \$2.59 dividend from the Fund owning Passive Foreign Investment Companies (PFIC).

**There is no guarantee that distributions will be made.** BLOK is a strategy focused on growth and disruptive companies, so payments like this should be viewed as extraordinary and not recurring. In fact, we screen out PFIC as part of our process. A dividend that is paid by a company qualifying as a PFIC comes from capital appreciation on a market-to-market basis from the ownership within a portfolio held within a 40-Act Fund. Galaxy Digital was the largest contributor to the dividend, but this was because of the stock rallying 121% in 2024. Galaxy has been working on converting to a U.S. company for over two years and rallied 35% in the fourth quarter as a result of the expected policy change by the new administration. We believe Galaxy's status to change in 2025 and the revived optimism around the digital asset class and benefits from the disruptive technology to continue to build. In January, BLOK will celebrate its 7th year, so it is with tremendous pride we conclude this year with strong results and optimism.

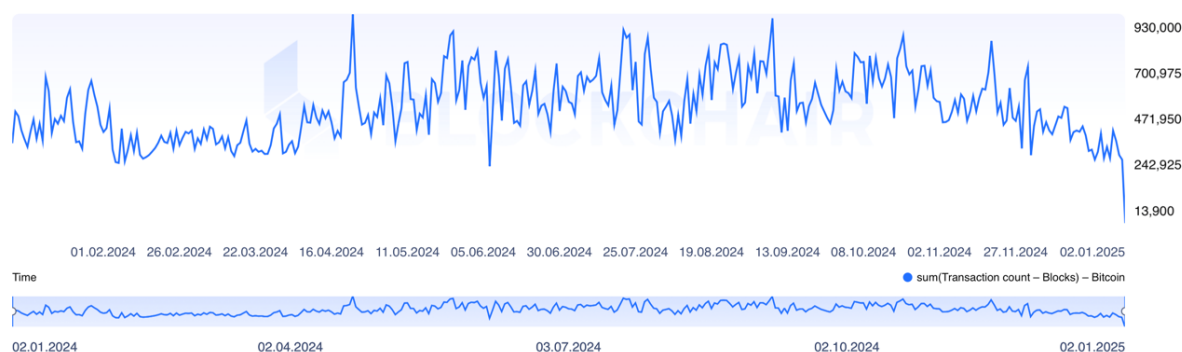
Our outlook on the transformation that we believe will come from digital assets is quite exciting! Investors in BLOK should expect us to focus on the following major trends for 2025:

- 1) Data Centers:** The benefits of the future convergence between artificial intelligence (AI) and blockchain smart contracts will become clearer in 2025, but with certainty the skills needed to build and operate a bitcoin mining facility and a traditional data center are similar. The better return on capital is the only thing that is disputable. The economics of bitcoin mining have considerably more operating leverage and risk than high performance computing (HPC)/AI data centers, which are forecasted to see a doubling in demand that is fully funded by companies like Microsoft, Amazon, Oracle, Meta, and more.<sup>1</sup>
- 2) Tokenization:** As a blockchain application, tokenization can wrap tangible property and assets so they are securely transferable with a permanent record. Adoption will be led by the fact that open-source code ("cryptology") can transfer value efficiently "on-chain" with little frictional cost because of automation while also creating a permanent record on the network. We expect evidence of significant adoption progress to be seen in the repo market, loan market, and insurance. Investors should look at tokenization as the potential for automating fractionalization of ownership in real estate, collectibles, and art.
- 3) Real World Assets (RWA):** We expect the definition of RWA to evolve with more sub-categories in 2025 gaining traction. Again, as tokenization is the application of blockchain technology, RWA are the definition of what can be held "on-chain." Tokenizing already liquid and/or simple assets, such as stablecoins that wrap treasuries through the blockchain process, is different than tokenizing more complex financial instruments like private equity, real estate, and/or collectibles. In the case of stablecoins, liquidity is straightforward, and its net asset value (NAV) is easily quantifiable daily, but such liquidity may not be the same for ownership of a collectible or a complex asset like real estate or private equity. Time will tell. For further examples and more clarification, we recommend readers check out the RWA.XYZ website and track the progress. We would not be surprised to see stablecoins double in size to \$400 billion as major banks may now be able to embrace their benefits. Again, a key catalyst, we believe will be the repealing of Staff Accounting Bulletin (SAB) 121, but this is only part of the journey towards progress with forward-leaning regulation.

*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://BLOKETF.com).*

**4) Pure play Miners:** The value of a large-scale bitcoin miners appear to remain correlated to the price of bitcoin, but with the potential price of bitcoin going higher in 2025, other variables will impact this correlation. Examples of other variables that may affect this correlation include the difficulty rate as influenced by more miners coming online to secure the network. The positive price action of bitcoin, as an example, can skew the network to the most efficient operators. Access to low-cost power and the latest mining equipment is what, we believe, will distinguish the best operators. Miners with old equipment may have a lower value since their operating efficiency will be degrading and could impact their operating yields. We expect bitcoin price to trend between \$85 and \$150 in the first half and then trend higher as the Trump administration drafts a positive regulatory path forward for crypto. The most significant unknown for the mining business is the revenue from transaction volume. If most people just HODL<sup>2</sup> bitcoin and/or bitcoin is not widely used as an open-source programming tool, then transaction volumes could remain low, and miners may have to rely on the revenues they receive from just securing the network. This could be important since as the article “Bitcoin’s December Shake Up: Fewer Transactions, Record- Breaking Value”<sup>3</sup> explains (see below “Bitcoin Transaction Count Chart”), the network adoption may be changing as HODLing may have a negative effect on bitcoin mining profitability. We point this out because it may affect how we allocate between pure miners (e.g. CLSK), miners with an emphasis on HPC/Datacenter businesses (CORZ, HUT8, CIFR, WULF, APLD), and fully vertical miners/data center businesses (BTDR, MARA). Spikes in daily transaction volume was helpful in 2024, but the trend was not encouraging. Monitoring activity in Layer 2 will be the key to trading activity in the miners as this will lead to positive trends in transactional volume, aka gas fees.

Bitcoin transaction count chart



Source: [news.bitcoin.com/bitcoins-december-shake-up-fewer-transactions-record-breaking-value/](https://news.bitcoin.com/bitcoins-december-shake-up-fewer-transactions-record-breaking-value/)

**5) Industry adoption in healthcare** begins to show progress in 2025. We must admit that we have long been waiting for the healthcare industry to adopt the benefits of blockchain. Perhaps it is the complexity of the problem, or perhaps it is because insurance companies, hospitals, and the medical community in general are not aligned with similar incentives. Regardless, we believe this industry needs to change. Remember the joint venture called Haven between Amazon, J.P Morgan, and Berkshire Hathaway, with a combined 2.2 million employees that tried to solve the problem? We would expect that as the Department of Government Efficiency (DOGE) led by Elon Musk and Vivek Ramaswamy make progress with government spending, they will then try to tackle healthcare efficiencies using blockchain as a solution for efficient record keeping and an automatic payments system using smart contracts to unwind the significant layers of bureaucracy within this industry.



Readers should review the above comments in conjunction with our November BLOK Update which listed “5 Predictions for 2025.”

## TRANSACTIONS AND REPOSITIONING

As a diversified active strategy, we have flexibility to strategically re-allocate the beta<sup>4</sup> weighting in our portfolio. December was an extraordinarily volatile month that ended with BLOK closing the year with a price of \$43.19 after paying out the \$2.59 dividend. Proceeds were raised from selling the positions in Oracle Corp (ORCL) and GMO Internet Group (9449 JP) and trimming back on the size of the positions in MetaPlanet (3350 JP), Bitdeer (BTDR), and HUT8 (HUT). In December, we raised capital about equally from core holdings which had a higher beta to bitcoin, which maintained our optimistic views around the momentum in the portfolio.

In December, we also increased our position in Beyond, Inc (BYON) and Canaan (CAN). Our expectations are that these two stocks are extremely oversold and positioned to be re-rated if the management demonstrates that a turnaround is taking place in their business strategy. As a rule, we as portfolio managers believe that markets are efficient, and we generally never want to find ourselves “catching a falling knife” or defending a position. However, December is a month in which sometimes there is a point where being an opportunistic price taker is too tempting. It is all about sizing the risk appropriately and potentially buying more when further evidence is presented that the situation has turned positive. To be clear, we are long term investors looking for asymmetrical rewards from certain positions. We also believe that Beyond's management is now aggressively focused on transforming its business around data sharing to achieve higher margins.

## ATTRIBUTION

In a year where a 52.77% return is achieved, much has to go right. The top 10 performing positions were led by MicroStrategy (MSTR), Core Scientific (CORZ), Galaxy Digital (GLXY- CN/BRPHF), Robinhood Markets (HOOD), and Composecure (CMPO). Investors should note that we effectively doubled up in December on two positions, Beyond and Canaan. It takes patience and faith in management to address challenges after a downturn, but we believe investors should also note that not all the positions that underperformed will impact 2025, such as Bitfarms (BITF) and LY Corp (4689 JP). In our November BLOK report, we spent extra time highlighting MetaPlanet (3350 JP) and its similarities to MicroStrategy, so some investors may wonder why we trimmed back and how it was already a top contributor to the annual return. In some ways, the answer is simple – we are disciplined around the need to be diversified. Our views on MetaPlanet remain the same, and in some ways, the rapid 50-70% rise that made the stock more expensive on a stock per bitcoin basis also makes the cost to acquire bitcoin cheaper than MicroStrategy. Stay tuned! To this point, investors in BLOK should note that we are long almost equally on these two companies, and while we may trim at times, we can also be buyers.

## TOP 10 STOCKS IN 2024

NAME	AVG % WEIGHT	CONTRIBUTION TO RETURN	TOTAL RETURN
MICROSTRATEGY INC-CL A	4.42	10.80	358.54
CORE SCIENTIFIC INC	3.91	9.72	306.07
GALAXY DIGITAL HOLDINGS LTD	4.83	4.73	121.80
ROBINHOOD MARKETS INC – A	3.31	4.40	192.46
COMPOSECURE INC-A	2.05	2.90	196.77
HUT 8 CORP	2.63	2.10	52.67
COINBASE GLOBAL INC -CLASS A	4.11	2.05	42.77
CORZ 12 01/23/29	0.60	1.98	83.63
BITDEER TECH GROUP-A	0.81	1.91	117.79
METAPLANET INC	0.35	1.46	73.42
<b>Totals</b>	<b>27.02</b>	<b>4.21</b>	<b>154.59</b>

## BOTTOM 10 STOCKS IN 2024

NAME	AVG % WEIGHT	CONTRIBUTION TO RETURN	TOTAL RETURN
RIOT PLATFORMS INC	2.34	-1.34	-34.00
MARA HOLDINGS INC	2.93	-1.18	-28.61
LY CORP	0.85	-0.44	-22.46
HIVE DIGITAL TECHNOLOGIES LT	1.83	-1.05	-36.77
FRANKLIN RESOURCES INC	0.86	-0.39	-27.21
DIGITAL GARAGE INC	1.17	-0.27	-4.32
CUSTOMERS BANCORP INC	1.28	-0.30	-15.52
CANAAN INC	0.29	-0.72	-58.11
BITFARMS LTD/CANADA	1.98	-1.35	-36.31
BEYOND INC	2.41	-3.95	-82.20
<b>Totals</b>	<b>15.95</b>	<b>-1.10</b>	<b>-34.55</b>

*This should not be considered recommendations to buy or sell any security.*

## BLOK PERFORMANCE

QUARTER END AS OF 12/31/2024	CUMULATIVE (%)					ANNUALIZED (%)			
	1 MO.	3 MO.	6 MO.	YTD	SINCE INCEPTION	1 YR.	3 YR.	5 YR.	SINCE INCEPTION
Fund NAV	-8.92%	21.70%	28.75%	52.77%	177.99%	52.77%	4.88%	23.35%	15.83%
Closing Price	-8.90%	22.02%	29.07%	53.37%	178.65%	53.37%	4.85%	23.53%	15.87%

*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 visit [AmplifyETFs.com/BLOK](https://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

We are pleased to report these strong results in 2024, especially after returning 99.5% in 2023. We may not always report returns of this magnitude and we humbly recognize that we are a volatile strategy that is dependent on your confidence as investors. Our pullback in December was a bit of a surprise, but fortunately it also came with most of our Digital Data and Mining companies raising very low-cost growth capital. There is no way around it—growth, transformation, and innovation require capital as a key ingredient.

## EDUCATION

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

- Podcast: Inside the Rapid Growth of Real World Assets RWA  
[open.spotify.com/episode/4QWes1p8quJwFtFcBBIAAnQL?si=HZJ\\_rlxVQtqQb1tQdewP8g](https://open.spotify.com/episode/4QWes1p8quJwFtFcBBIAAnQL?si=HZJ_rlxVQtqQb1tQdewP8g)
- RWA Foundation Whitepaper:  
[cdn.prod.website-files.com/67597a5f1a725367e757933e/6777b4a59dd4afe8728a5fec\\_Whitepaper%202.pdf](https://cdn.prod.website-files.com/67597a5f1a725367e757933e/6777b4a59dd4afe8728a5fec_Whitepaper%202.pdf)
- Satoshi Nakamoto Original Bitcoin White paper: Bitcoin: A Peer-to-Peer Electronic Cash System [bitcoin.org/bitcoin.pdf](https://bitcoin.org/bitcoin.pdf)

# BLOK

Amplify Transformational Data Sharing ETF

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

Learn more: [BLOKETF.com](https://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.

<sup>1</sup> Microsoft to spend \$80 bn on AI data center in 2025 ([datacenterdynamics.com/en/news/microsoft-ai-data-center-80-billion/](https://datacenterdynamics.com/en/news/microsoft-ai-data-center-80-billion/))

<sup>2</sup> HODL is a term in the cryptocurrency community that originated from a misspelled word for "hold." The term refers to the strategy of holding onto Bitcoin and other cryptocurrencies through market turbulence and not selling, regardless of price fluctuations.

<sup>3</sup> [news.bitcoin.com/bitcoins-december-shake-up-fewer-transactions-record-breaking-value/](https://news.bitcoin.com/bitcoins-december-shake-up-fewer-transactions-record-breaking-value/)

<sup>4</sup> Beta is a measure of a portfolio's or stock's volatility in relation to the overall 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 prospectus, which may be obtained at [AmplifyETFs.com](https://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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