

MARCH 2025

The BLOK-Chain Monthly

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

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The Fund's reversal in February, down 12.75% (NAV return), reflects investor sentiment towards tariffs and impatience with volatility over the long-term potential benefits that may come from the administration's proposed policy changes (see [standardized performance](#)). While we acknowledge that Trump's aggressiveness is alarming and uncomfortable, we would remind people that the Fund is positioned for the long term to benefit from the new administration policies around technological innovation and efficiencies. Year-to-date, the Fund is down 2.95%. The challenge with such a decision is to know when to get back in, and as we observed from the previous month, volatility works both ways.



THE MASTERCARD EXAMPLE

Talk about tariffs may have created some questions about the economic path ahead, but there can be little question that in 2025 transformation of industries using Blockchain technology and tokenization will accelerate. Recent evidence of progress came through a **Form 10-K filing from Mastercard which disclosed that in 2024, 30% of its \$28.2 billion in net revenue transactions were tokenized.**¹ Note that the program was only launched in May 2024 (press release: *Mastercard Crypto Credential goes live with first peer-to-peer pilot transactions, adds new partners to the ecosystem* | Mastercard Newsroom).² The company further noted that blockchain innovation and enhanced cybersecurity are transforming payment rails that “could result in new technologies that may be superior to, or render obsolete, the technologies we currently use in our programs and services”.² In its Form 10-K filing, Mastercard references stablecoins as a threat to its business that “may also result in new and innovative payment methods, products and services.” Moreover, the firm stated that it expected to drive transformational market change by “extending the reach of our network to enable the tokenization of credentials, identities, assets and data and the exchange of those items between counterparties.” For a better understanding about how Mastercard sees Tokenization integrating with its customer experience, see Mastercard’s video (*Mastercard Reimagining Online Checkout*).³

The performance data quoted represents past performance and does not guarantee future results. 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. Current performance may be lower or higher than the performance quoted. For most recent month-end performance, visit [BLOKETF.com](https://www.bloketf.com).

Mastercard's public adoption of Blockchain is helpful as an example of the competitive benefits that this technology can offer, but they are not alone. It is likely that large firms in 2025 will now be able to disclose more developments in technology where previously they had fears of retribution and business disruption.



Mastercard's approach is as a Multi-Token Network (MTN) that works in collaboration with other private blockchains, such as JP Morgan's Kinexy's division which is all about tokenization.⁴



The goal of the MTN is to automate and simplify the speed with which transactions can be facilitated so assets (as value) can be transferred across the network securely and with transparency.



Firms like Mastercard benefit from lower operating costs and providing a better service to customers.

Firms like JP Morgan's Kinexy's benefit from the potential distribution of alternatives as tokenized funds, which could capture \$400 billion in revenues for participants in the ecosystem. Nicki Sharma, Executive Director and Head of Growth at Kinexys Digital Assets writes on LinkedIn, "The crux of our thesis is that by creating a synchronous shared data layer, automating manual workflows, and introducing new features like trading of tokenized funds, tokenization can help overcome key pain points with alternative investments. Specifically, tokenization could lay the foundation to enhance liquidity, collateralization, transparency, and customization of funds. And together, this could unlock broader, more tailored exposure to Alts".⁵ Kinexy's is responsible for an average of \$2 billion worth of transactions on a daily basis. Like Mastercard, JP Morgan is taking the "let's disrupt rather than be disrupted" position. For further information we encourage readers to learn about Kinexy's ambitious plans for Blockchain and tokenization: "About Kinexys: Our Story, Leadership and More | J.P. Morgan".⁶

SOME NOMENCLATURE AND DEFINITIONS

It makes sense that most people are focused solely on the price action of Bitcoin. Afterall, that is the most well-known blockchain, and its value proposition as it goes higher is easiest to measure. However, the transformation that will come from Blockchain technology as a platform is about to become clearer as government policy offers a more distinct path for the evolution to show tangible traction. This is why the formation of the Bitcoin reserve on March 6th, the gathering of White House leaders for Crypto Summit, and the SEC's Crypto Task Force is so important. Steps are clearly being taken with urgency and a follow-up roundtable discussion is already scheduled for March 15th to develop better regulations around the space. It is clear that President Trump is pushing forward to make good on his promise to make the United States the "crypto capital of the planet."

As a reminder, while we are believers in Bitcoin's importance and foundational leadership, it is but one Blockchain with the focused use case as a **"Digital Commodity."** What distinguishes Bitcoin from many others, of course, is the elegance of its consensus algorithm, which aligns interests from a decentralized network with incentive structures that are backed by the cost of energy and infrastructure. Over time, we believe stablecoin, with about \$230 billion in market value, will be the next policy to be worked through.⁷ Stablecoins, of course, can naturally serve as a **"Digital Currency."** A third asset category that will need to be tackled with better guidelines is called **Real World Assets (RWA)** and/or Security Tokens. As an open source code, there are also **Utility Tokens** that reference the value of goods and services on a network. We would highlight that the Fund's indirect investment in tZERO through Beyond (BYON) is an example of the opportunity for RWA.

Tokenization does not have to involve the price action of Bitcoin or Meme Coins, but what it does have to involve is a digital asset. Broadly speaking, the visionary goal for tokenization is that transactions are tracked almost in real time, and securely. This means that ultimately, as an example, a "supply chain" could be tracked in a more transparent manner across borders with "trust" and less complexity among transfers of value with receipts. The benefit of decentralization is it provides accountability from the service provider without middleman intervention that can drive costs higher.

TRANSACTIONS AND REPOSITIONING

Pursuant to process, we trimmed back our positions twice in MetaPlanet (3350 JP) due to it eclipsing our 5.5% rule. Similarly, we also trimmed back Robinhood Markets (HOOD). Historically, we have found that when positions run from 4% to over 5% on quick capital appreciation, a little trimming around the edges provides for efficient risk management. This is an important differentiator from others. We increased our basket approach to Spot ETFs with some of this cash.

ATTRIBUTION

In the month of February, the Fund was down 12.75%. Significant contributors to this decline included Coinbase (1.15%), MetaPlanet (1.08%), Galaxy Digital (1.05%), Block Inc (down 1.1%), Strategy (0.99%, formerly known as MicroStrategy), and Beyond (0.72%). The nine miners, as a group, contributed to the decline by about 3.71%. There are not very significant differences between these companies, but they generally provide directional correlation to the price of Bitcoin. In Q4, most of the miners raised significant capital through convertible bonds, and some, even through restructuring, bought stock back. We would not be surprised to see buybacks executed by these companies at current levels. This correlation historically has had variability depending upon mining conditions and operations, but many of the miners have also diversified their business beyond just Bitcoin mining and into AI hosting infrastructure. The Bitcoin ETFs in aggregate were down about 17% and contributed 134 BPs* (basis points) decline to the Fund.

TOP 10 HOLDINGS (as of 2/28/2025)

TICKER	COMPANY	% WT.	TICKER	COMPANY	% WT.
HOOD	Robinhood Markets	5.17%	CLSK	Cleantech	3.32%
COIN	Coinbase Global	4.46%	XYZ	Block	3.30%
MSTR	MicroStrategy	4.26%	IBM	International Business Machines	3.26%
CORZ	Core Scientific	4.06%	PYPL	PayPal	3.08%
GLXY CN	Galaxy Digital	3.87%	8473 JP	SBI Holdings	2.97%

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 2/28/2025	CUMULATIVE (%)					ANNUALIZED (%)				
	1 MO.	3 MO.	6 MO.	YTD	SINCE INCEPTION	1 YR.	3 YR.	5 YR.	SINCE INCEPTION	
Fund NAV	-12.75%	-11.61%	25.49%	-2.95%	169.79%	31.98%	10.26%	23.89%	14.96%	
Closing Price	-13.06%	-12.23%	24.70%	-3.66%	168.46%	31.46%	10.09%	23.78%	14.88%	
QUARTER END AS OF 12/31/2024	1 MO.	3 MO.	6 MO.	YTD	SINCE INCEPTION	1 YR.	3 YR.	5 YR.	SINCE INCEPTION	
	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 total expense ratio is 0.73%. The performance data quoted represents past performance and does not guarantee future results. 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 the original cost. Current performance may be lower or higher than the performance quoted. For most recent month-end performance, visit [AmplifyETFs.com/BLOK](https://amplifyETFs.com/BLOK). Brokerage commissions will reduce returns. NAV is the sum of all its assets less any liabilities, divided by the number of shares outstanding. The closing price is the last price at which the fund traded.

SUMMARY

The Fund's reversal in February, down 12.75%, showed investors impatience for short term volatility associated with tariffs and ignored the long-term potential benefits that may come from proposed policy changes. Year-to-date, the Fund is down 2.95%. The hard truth is that confidence is frequently shaken by a decline in price. Investor behavior is such that it is easier to take action and sell than to remain a long-term investor. The challenge with such a decision is, of course, knowing when to get back in, and as we know from history, volatility works both ways.

EDUCATION

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

- Podcast: Coin Stories with Natalie Brunell: Simon Gerovich: Metaplanet Was Best Performing Stock of 2024, Japanese Public Adopting Bitcoin, \$1 Million Price Target - Coin Stories | Podcast on Spotify⁸
- Whitepaper from Kinexys by JP Morgan and Bain & Company: How Tokenization Can Fuel a \$400 Billion Opportunity in Distributing Alternative Investments to Individuals⁹
- Satoshi Nakamoto Original Bitcoin White paper: Bitcoin: A Peer-to-Peer Electronic Cash System <https://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 https://s25.q4cdn.com/479285134/files/doc_financials/2024/q4/MA-12-31-2024-10-K-as-filed-with-exhibits.pdf

² <https://www.mastercard.com/news/press/2024/may/mastercard-crypto-credential-goes-live-with-first-peer-to-peer-pilot-transactions-adds-new-partners-to-the-ecosystem/>

³ https://www.youtube.com/watch?v=OG_Q_TeTvJY

⁴ <https://www.jpmorgan.com/insights/payments/payment-trends/introducing-kinexys>

⁵ https://www.linkedin.com/posts/nikhilbsharma_how-tokenization-can-fuel-a-400-billion-activity-7150280857478381568-EW_9?utm_source=share&utm_medium=member_desktop&rcm=ACoAACw46agB--LTIRJIH11IO9V0VAgHyNhU9ww

⁶ <https://www.jpmorgan.com/kinexys/about#our-team>

⁷ <https://coinmarketcap.com/view/stablecoin/>

⁸ <https://open.spotify.com/episode/3JxQDmr5SpApjWQSF4BXU?si=OrfsgxCIQcOkqwHxplk1XA&context=spotify%3Ashow%3A0YOEwxAR1ulx1a15QpqE0I&nd=1&dlsi=27d80d9f531346cd>

⁹ https://www.jpmorgan.com/kinexys/documents/how_tokenization_can_fuel_a_400_billion_opportunity_in_distributing_alternative_investments_to_individuals.pdf

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 Tidal Investments, LLC, serves as the Investment Sub-Adviser.

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