Amplify ETFs

# Investing in the Online Retail Trend

March 31, 2021

ETFs EXPANDED

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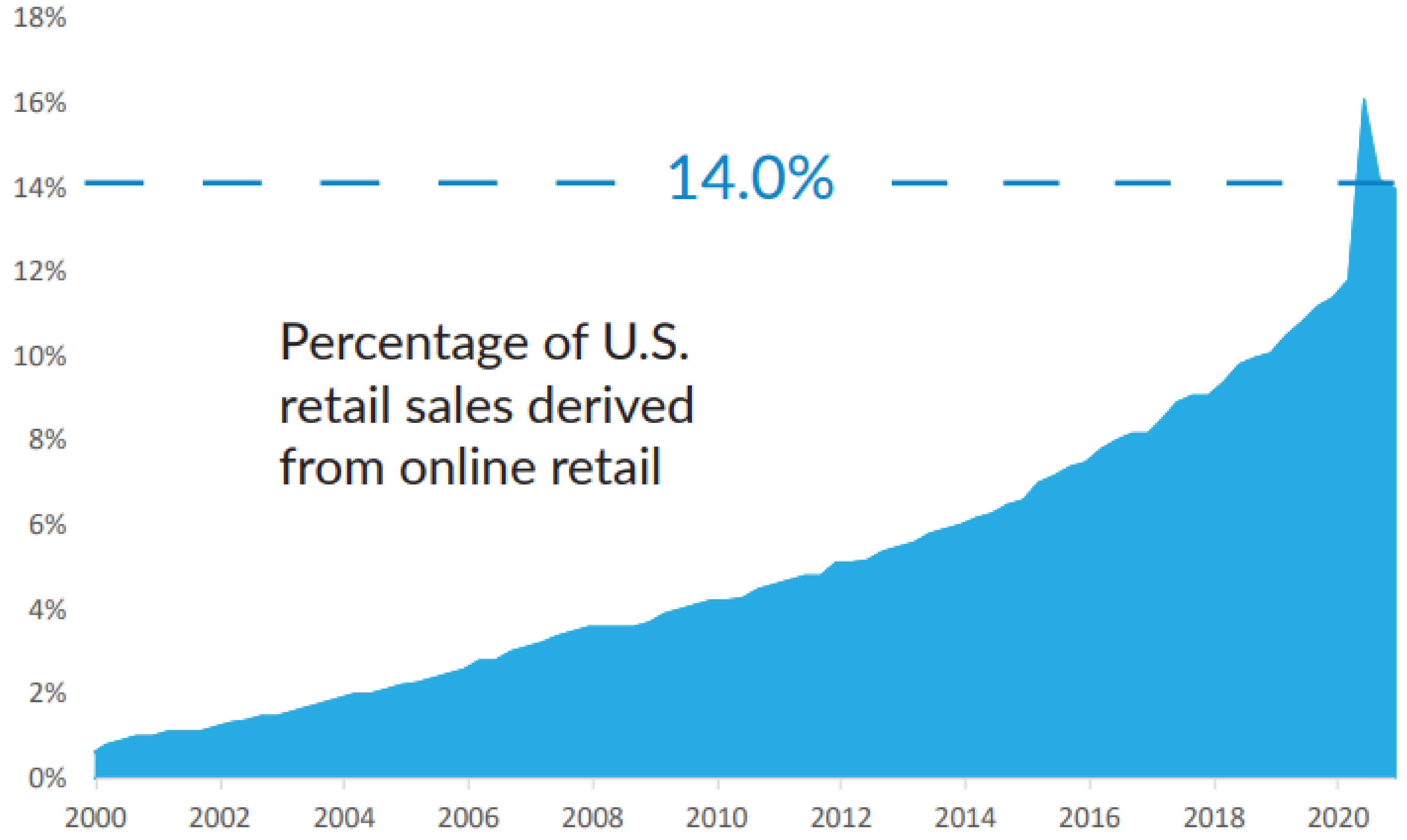
- Online Retail Growth & Trends
- Continuation of the “Stay-at-Home” Economy
- Effects of the Pandemic on the Retail Sector
- 4 Online Retail Predictions for the “New Normal”
- IBUY Online Retail ETF Overview
- Amplify ETFs Overview

# Online Retail Was Already the Fastest Growing Segment of Retail Sales …




*Source: U.S. Department of Commerce Quarterly Retail E-Commerce Sales 4th Quarter 2020, Reported 2/19/2021*

… but the COVID-19 global pandemic has **accelerated** this trend as shoppers avoid physical stores and use online pickup and delivery services.

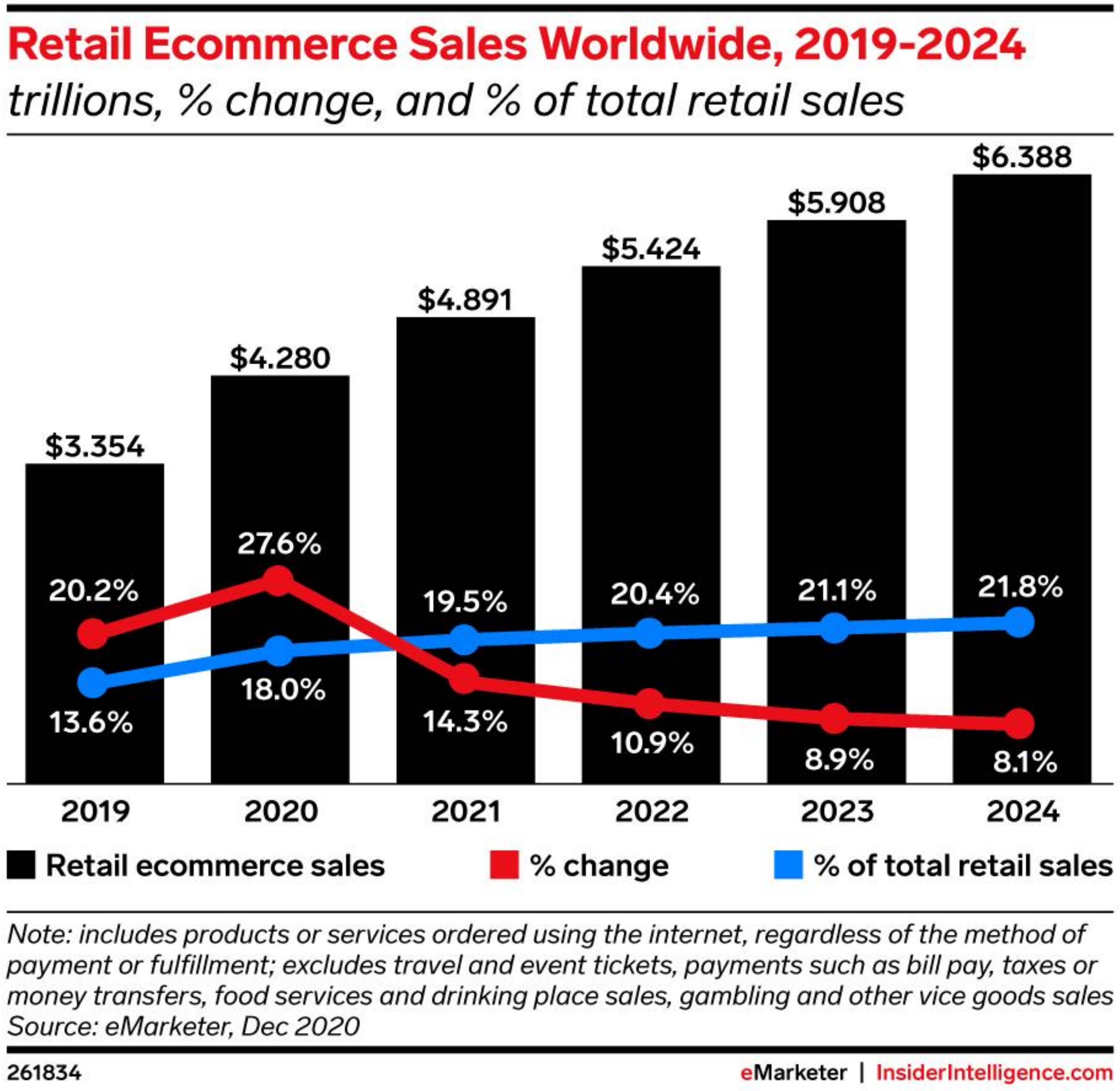
- **U.S. Non-store Retail** sales grew 32.1% year-over year in the 4th Quarter of 2020.*
- **2020 Cyber Week Holiday** sales reached a record $270 billion and experienced a 22% increase in consumers who participated, as the pandemic pushed shoppers online.**

*U.S. Census Bureau
**Salesforce Shopping Index of 1 billion shoppers in 40 countries

# Online Retail Growth Accelerated by the Pandemic



- According to new data from IBM's U.S. Retail Index, the pandemic has accelerated the shift away from physical stores to digital shopping by roughly five years.
- Despite a challenging year for retail in 2020, worldwide retail e-commerce sales grew 27.6% for the year, for a total of $4.280 trillion (eMarketer).

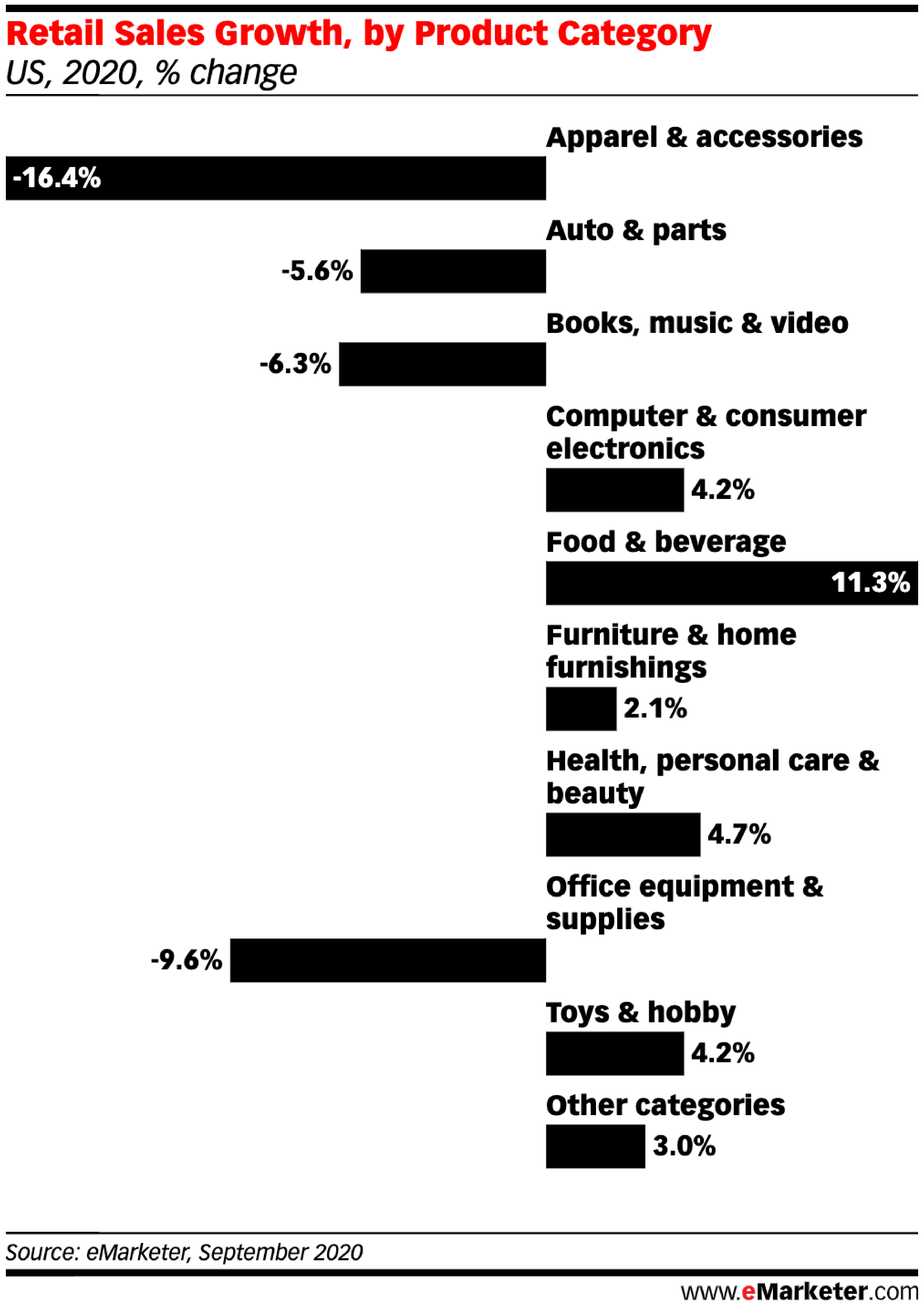



Forecasts are inherently limited and cannot be relied upon. Actual results may vary.

# Online Consumer Buying Patterns During the Pandemic

## The "Haves" and "Have Nots"

Spending priorities have shifted towards essentials and home goods, including food, household items, furniture, and computers




IBUY

# Record Online Sales Despite Bottlenecks in the Supply Chain

## What Happened?

**Supply**

Disruptions in inbound flows due to raw material shortages and lack of foreign-sourced components

+

**Demand**

Lack of insight into consumer demand (e.g. toilet paper)

+

**Logistics**

Shipment delays to customers due to shortage of freight options and delivery persons

## = Industry Impact

- Even Amazon announced it could **no longer keep up** with consumer demand – delaying delivery of “non-essential” items.
- According to the Institute of Supply Management, **75% of companies** experienced supply chain disruptions due to COVID-19.
- Amazon **added 427,300 employees** in 10 months, brining its global workforce to 1.2 million.

# A New Sub-Economy Emerges

Due to the COVID-19 global pandemic, people are staying at home for shopping, work, school, and entertainment.

## Who are the biggest beneficiaries of the #STAYATHOME economy?

| E-Commerce | Work | School | Entertainment | Others |
|---|---|---|---|---|
| Grocery | Telecommunication | Teleconference | Streaming Services | Telemedicine |
| Meal Delivery | Digital Forms | Online Education | Social Media | Virtual Fitness |
| Pet Supplies | Cybersecurity | Textbooks/Materials | Video Gaming | Consumer Staples |
| Home Decor | Collaboration | Learning Platforms | E-Sports | 5G |
| Digital Payment | Cloud Services | | | |
| | Hardware/Software | | | |

## Discounters Must Revise Business Model

- T.J. Maxx, Marshalls, Ross Stores, Burlington
- Shoppers may no longer be willing to dig through discounted overstock items on a “treasure hunt”
- TJX-owned HomeGoods launching an online store in 2021 to leverage its strength in the home category

## Fewer Department Stores*

- The **Holiday Season** used to be orchestrated by department stores.
- In 2020, holiday department stores sales plummeted 19.1% in November and 22% in December.
- 29 retailers filed for bankruptcy* in 2020, including **department stores** Lord & Taylor (Aug 2), J.C. Penney (May 15), and Neiman Marcus (May 7).


*Retail Dive
**as of 11/25/2020

## Rethinking Delivery Options

- **Online grocery sales** in the US grew 53% in 2020, and by 2023 it is expected to account for 10% of total grocery sales.*
- 43% of internet users tried **curbside pickup** for the first time during the pandemic.
- **BOPIS** buy online and pick up in store.
- **Contactless payment** options such as mobile wallets and tap-to-pay.

**Which Delivery Methods Did US Digital Buyers Use for Digital Purchases in the Past Month?**

*% of respondents, Feb, April, & June 2020*

| | Feb 2020 | Apr 2020 | Jun 2020 |
|---|---|---|---|
| Delivered to my home/work | 91% | 91% | 90% |
| Picked up at the store | 18% | 17% | 22% |
| Picked up curbside at the store (didn't have to get out of the car) | 7% | 13% | 22% |
| Delivered to locker not at a store location (e.g., Amazon Hub Locker) | 4% | 3% | 3% |
| Other | 2% | 2% | 3% |

*Note: February n=1,069; April n=1,070; June n=1,000; among those who made a digital purchase in the past month/30 days*
*Source: "The eMarketer Ecommerce Survey" conducted in June 2020 by Bizrate Insights, June 9, 2020*

256247 www.eMarketer.com

*eMarketer, 11/17/2020. Forecasts are inherently limited and cannot be relied upon. Actual results may vary.

# 4 Online Retail Predictions for the "New Normal"



1 Grocery Ecommerce

2 Contactless Retail

3 Subscription Services

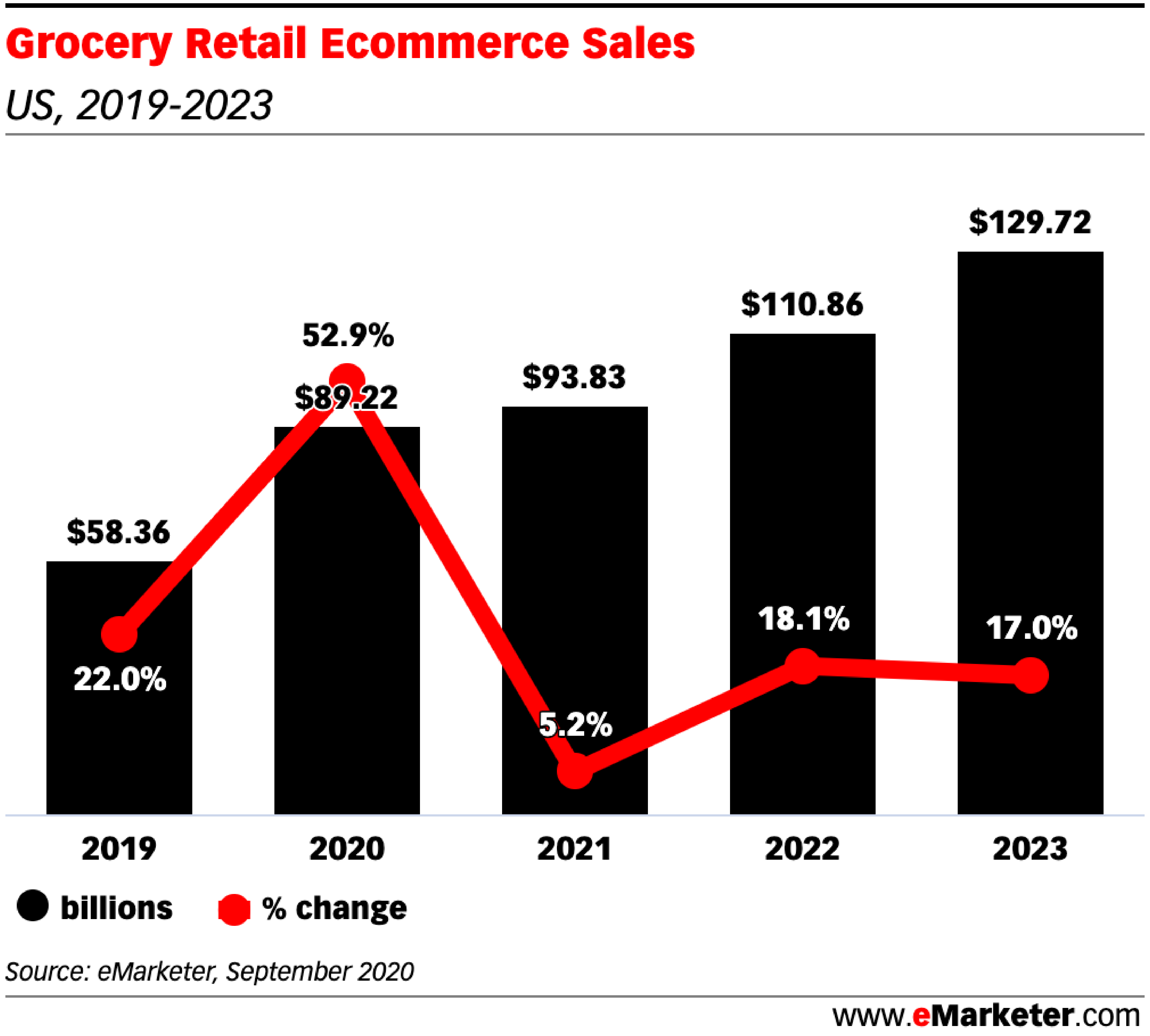
4 New Buying Habits Formed

# 4 Online Retail Predictions for the “New Normal”



1

**Grocery Ecommerce**




Forecasts are inherently limited and cannot be relied upon. Actual results may vary.

# 4 Online Retail Predictions for the "New Normal"

2

## Contactless Retail

Source: Gladly

**Ecommerce** – Product is magically delivered to your doorstep, with no contact made between you and another human. Amazon will be taking the definition of 'contactless' in this instance to a whole new level by beginning to experiment with drone product delivery.

**BOPIS** – Buy online, pick up in store. This allows customers to skip the line, the browsing, the mingling with other shoppers and go straight to the check-out counter where the products you purchased at home are waiting for you. This minimizes contact made between customers and retailers, as well as shoppers.

**Curbside Pickup** – Customers either place an order online or phone it in, and then meet a representative of the business "curbside" to pick up their order. Contact is only made between the customer and employee during the exchange.

**Contactless Payment** – Tap-to-pay and mobile payment in-store allow customers to make minimal contact with high-traffic equipment such as credit card readers and keypads whilst in store. Originally introduced as a security measure, this method of currency exchange is proving especially useful in the era of physical distancing and necessarily sterile surfaces.

# 4 Online Retail Predictions for the “New Normal”



3

**Subscription Services**

NETFLIX

chewy

STITCH FIX

Chegg®

PELOTON

Spotify®

# 4 Online Retail Predictions for the “New Normal”

4

**New Buying Habits Formed**

## “On average, it takes 66 days to form a new habit.”*

*Lally study on habit formation (2009)*

# How Can Investors Potentially Capitalize on the Increased Adoption of Online Retail?

# Amplify Online Retail ETF (IBUY)



## IBUY Selection Methodology

- Global equity securities eligible for inclusion in the Index
- Companies with at least 70% of revenues or minimum of $100bil in annual retail sales derived from online and/or virtual sales
- Companies placed in two categories:
  1. U.S.-based
  2. International-based
- Companies equally-weighted within each category

**IBUY seeks to provide a cost efficient way for investors to own a basket of companies with significant revenue from online and virtual retail sales. The fund's portfolio offers convenient diversification across market capitalization geography an and business focus.**

**IBUY seeks investment results that correspond generally to the price and yield, before fund fees and expenses, of the EQM Online Retail Index.**

Diversification does not assure a profit or protect against a loss in a declining market.

## Key Facts

- **First ETF to focus specifically on the online retail segment** (launched in 2016)
- **Modified equal weighting to avoid concentration in specific holdings** (i.e. AMZN, BABA)
- **5-Star Overall Morningstar rating** (based on risk-adjusted return among 41 funds in the Consumer Cyclical category – as of 3/31/21)


(See slide 25 for full disclosure)

# IBUY Portfolio Composition



## FUND FACTS (as of 3/31/21)

Ticker: IBUY

Assets: $1.67bil

Expense Ratio: 0.65%

3-Month Average Daily Volume: 270,900

Inception: 4/20/2016

Number of Holdings: 58

Fund website: ibuyetf.com

## INDEX DETAILS

Index Name: EQM Online Retail Index

Index Ticker: IBUYXT

Rebalance: Semi-Annual (May & Nov)

Weighting Methodology: Modified Equal Weight

Index Website: eqmindexes.com

**Top Ten Holdings as of 3/31/21**

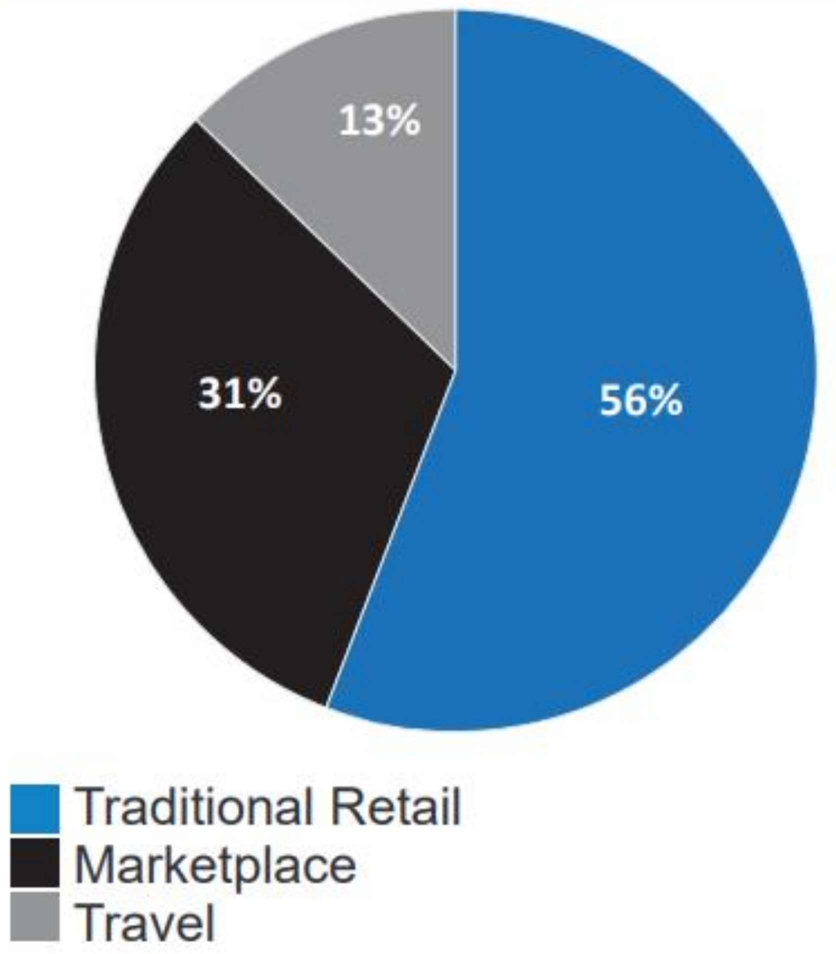
| Ticker | Company | % Weight |
|---|---|---|
| TRIP | TripAdvisor Inc, | 4.95% |
| RVLV | Revolve Group Inc. | 4.55% |
| GRPN | Groupon Inc. | 4.28% |
| LYFT | Lyft Inc. | 3.93% |
| QRTEA | Qurate Retail Inc. | 3.56% |
| EXPE | Expedia Group Inc. | 3.17% |
| IAC | IAC/Interactive Corp | 3.00% |
| REAL | RealReal Inc. | 2.96% |
| LE | Lands' End Inc. | 2.70% |
| ETSY | Etsy Inc. | 2.69% |

**TOP FIVE COUNTRY WEIGHTS***
**United States:** 79%
**China:** 5%
**Germany:** 5%
**United Kingdom:** 3%
**Japan:** 2%

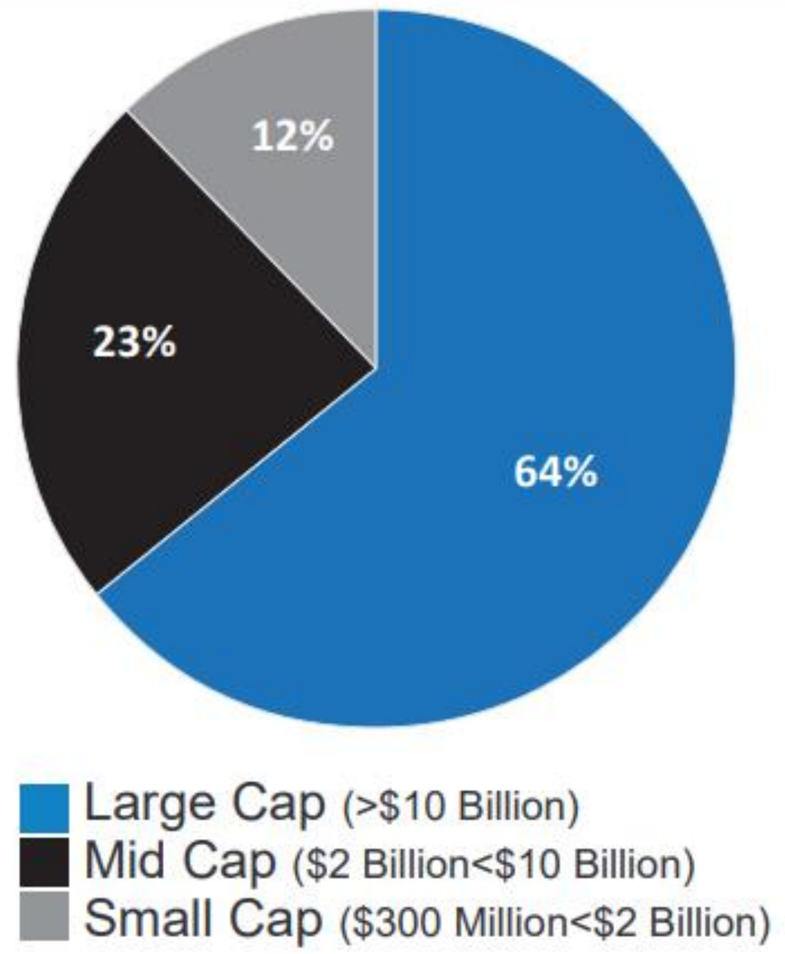
*as of 3/31/21

Holdings and allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security.

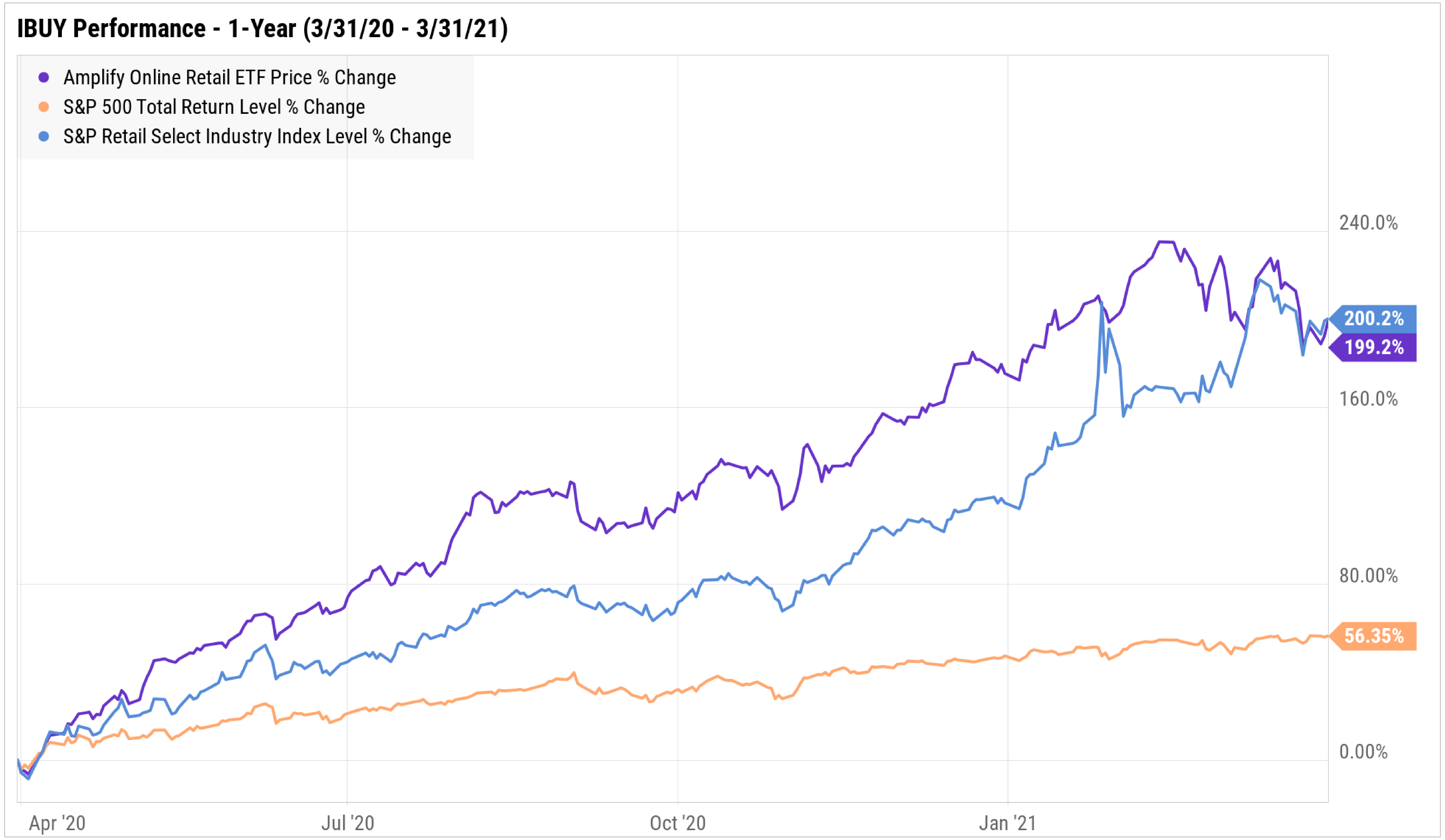
## ONLINE RETAIL MARKET SEGMENTS AS OF 3/31/21




## MARKET CAP BREAKDOWN AS OF 3/31/21



# IBUY Performance – 1-Year




*Source: YCharts. For Illustrative purposes only.* Past performance does not guarantee future results. Investors cannot directly invest in an index. IBUY's investment objective and strategy differs substantially from the market indices, which are included for comparison purposes only.

The EQM Online Retail Index differs substantially from the S&P 500 Index, which is used for comparison purposes as a widely recognized measure of U.S. stock market performance. While the returns of IBUY have exhibited positive (but varying) correlation to the index over time, IBUY may invest in different stocks and in different proportions than in the S&P 500 index.

*S&P Select Industry Indices are designed to measure the performance of narrow GICS® sub-industries. The index comprises stocks in the S&P Total Market Index that are classified in the GICS retail sub-industry.*

*The Standard & Poor's (S&P) 500 Total Return Index is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies by market value, and assumes distributions are reinvested back into the index. It is not possible to invest directly in an index.*

***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. 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. The Fund's gross expense ratio is 0.65%. For the most recent month-end performance, please visit the Fund's website at AmplifyETFs.com/IBUY.***

The Standard & Poor's (S&P) 500 Total Return Index is an unmanaged, market-capitalization-weighted index of the 500 largest U.S. publicly traded companies by market value, and assumes distributions are reinvested back into the index. It does not include fees or expenses. It is not possible to invest directly in an index. The S&P 500 is a registered trademark of Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc.

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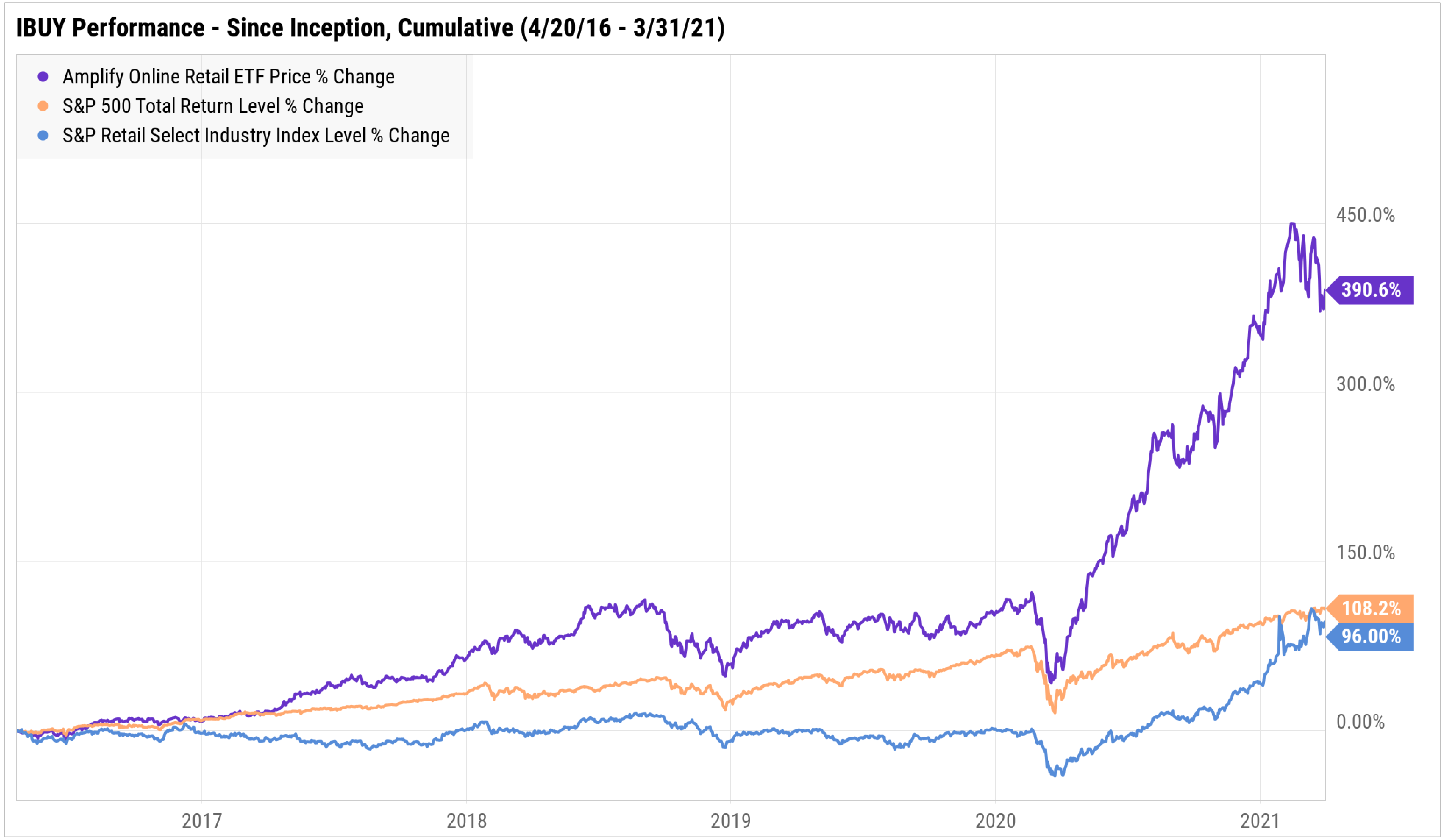
# IBUY Performance – Since Inception






*Source: YCharts. For Illustrative purposes only.* Past performance does not guarantee future results. The starting price used for this chart is the trading price on 4/20/2016, which differs from the $25.00 inception price. Investors cannot directly invest in an index. IBUY's investment objective and strategy differs substantially from the market indices, which are included for comparison purposes only.

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# IBUY Performance – Month- and Quarter-End



| | CUMULATIVE (%) | | | | | ANNUALIZED (%) | | |
|---|---|---|---|---|---|---|---|---|
| | 1 Mo. | 3 Mo. | 6 Mo. | YTD | Since Inception (4/20/16) | 1 Yr. | 3 Yr. | Since Inception (4/20/16) |
| *Month end as of March 31st, 2021* | | | | | | | | |
| Fund NAV | -4.93% | 8.51% | 41.16% | 8.51% | 400.36% | 199.58% | 40.57% | 38.46% |
| Closing Price | -4.91% | 8.63% | 41.50% | 8.63% | 400.83% | 200.77% | 40.57% | 38.49% |
| S&P 500 TR Index | 4.38% | 6.17% | 19.07% | 6.17% | 108.36% | 56.35% | 16.78% | 15.99% |
| *Quarter end as of March 31st, 2021* | | | | | | | | |
| Fund NAV | -4.93% | 8.51% | 41.16% | 8.51% | 400.36% | 199.58% | 40.57% | 38.46% |
| Closing Price | -4.91% | 8.63% | 41.50% | 8.63% | 400.83% | 200.77% | 40.57% | 38.49% |
| S&P 500 TR Index | 4.38% | 6.17% | 19.07% | 6.17% | 108.36% | 56.35% | 16.78% | 15.99% |

*Source: US Bancorp Fund Services. The starting price for the Since Inception cumulative return is $25.00*

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Amplify ETFs

# About Amplify ETFs




**ETF Sponsor founded in 2016**

**$4.8 billion AUM across 11 ETFs** (as of 3/31/21)

**ETF strategies across Core, Income, and Thematic segments**

Amplify believes the ETF structure empowers investors through efficiency, transparency and flexibility. Amplify ETFs deliver expanded investment opportunities for investors seeking growth, income, and managed-risk strategies.

# Amplify ETFs Product List



| Theme ETFs | Ticker |
|---|---|
| *Lithium & Battery Technology ETF* | BATT |
| *Transformational Data Sharing ETF* | BLOK |
| *Seymour Cannabis ETF* | CNBS |
| *Online Retail ETF* | IBUY |
| *Pure Junior Gold Miners ETF* | JGLD |
| *Online Lending & Digital Banking* | LEND |
| *International Online Retail* | XBUY |

| Income ETFs | Ticker |
|---|---|
| *CWP Enhanced Dividend Income ETF* | DIVO |
| *High Income ETF* | YYY |

| Core ETFs | Ticker |
|---|---|
| *BlackSwan Growth & Treasury Core ETF* | SWAN |
| *BlackSwan ISWN ETF (International)* | ISWN |

Amplify ETFs

# *Invest in the Bright Spot of Retail*

IBUY

**AmplifyETFs.com/ibuy**

Index website:

**eqmindexes.com**

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## DISCLOSURES



***Carefully consider the Funds' investment objectives, risk factors, charges and expenses before investing. This and additional information can be found in the Funds' prospectuses, which may be obtained by calling 855-267-3837. Read the prospectus carefully before investing.***

*Investing involves risk, including the possible loss of principal. The fund is new with limited operating history. 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. Narrowly focused investments typically exhibit higher volatility. A portfolio concentrated in a single industry, such as the online retail industry, makes it vulnerable to factors affecting the industry. The Fund may face more risks than if it were diversified broadly over numerous industries or sectors. Investments in consumer discretionary companies are tied closely to the performance of the overall domestic and international economy, interest rates, competition and consumer confidence. Online retail companies are subject to risks of consumer demand and sensitivity to profit margins. Additionally technology and internet companies are subject to rapidly changing technologies; short product life cycles; fierce competition; aggressive pricing and reduced profit margins; the loss of patent, copyright and trademark protections; cyclical market patterns; evolving industry standards; and frequent new product introductions. Information technology companies may be smaller and less experienced companies, with limited product lines, markets or financial resources and fewer experienced management or marketing personnel. Stocks of many internet companies have exceptionally high price-to-earnings ratios with little or no earnings histories. Information technology company stocks, especially those which are internet related, have experienced extreme price and volume fluctuations that are often unrelated to their operating performance. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Investments in smaller companies tend to have limited liquidity and greater price volatility than large-capitalization companies. Investments in foreign securities involve greater volatility and political, economic, and currency risks and differences in accounting methods. The Fund's return may not match or achieve a high degree of correlation with the return of the underlying Index. To the extent the Fund utilizes a sampling approach, it may experience tracking error to a greater extent than if the Fund had sought to replicate the Index.*

*The EQM Online Retail Index seeks to measure the performance of global equity securities of publicly traded companies with significant revenue from the online retail business. The Index methodology is designed to result in a portfolio that has the potential for capital appreciation. The Adviser and Sub-Adviser believe that companies with significant online retail revenues may be best positioned to take advantage of growth in online retail sales and shoppers versus companies with less significant online retail revenues. Eligible constituents derive at least 70% of revenues from online and/or virtual business transactions (as opposed to brick and mortar and/or in-store transactions) in one of three online retail business segments: traditional online retail; online travel; and online marketplace. An investment cannot be made directly in an index.*

The Morningstar Rating™ for funds, or “star rating”, is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance.

The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The Amplify Online Retail ETF (IBUY) Fund received 5 stars among 40 Consumer Cyclical funds for the three-year period ending 12/31/20.

*Diversification does not assure a profit or protect against a loss in a declining market.*

Amplify ETFs are distributed by Foreside Fund Services, LLC.

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