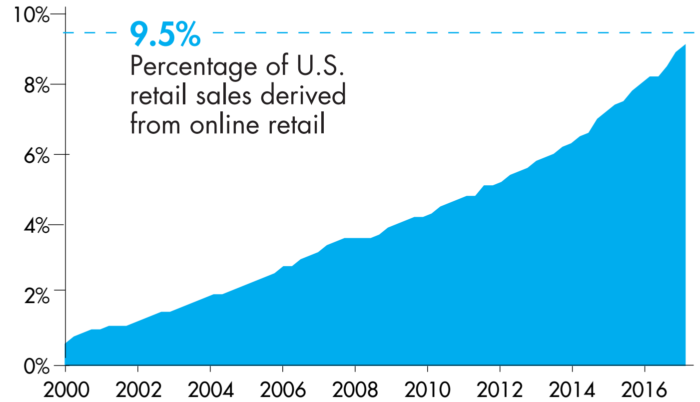
IBUY Online Retail ETF

ONLINE RETAIL MID-YEAR OUTLOOK

The trend of consumers increasingly buying online continued to occur in the first half of 2018. The U.S. Department of Commerce Quarterly Retail E-Commerce Sales Report issued on May 17, 2018 showed online retail sales growing 16.4% year over year. This compares to total retail sales growing 4.5% during the same period. Clearly online retail is where the growth continues to be in this sector. However, despite strong relative growth, online sales accounted for just 9.5% of total U.S. retail sales according to the U.S. Department of Commerce. Thus, we believe consumer migration to online retailers is still in its early stages, and we believe online market share could eventually rise to 20% of total U.S. retail sales over the next 5-7 years based on current trends.



Source: U.S. Department of Commerce Quarterly Retail E-Commerce Sales
1st Quarter 2018, Reported 5/17/18

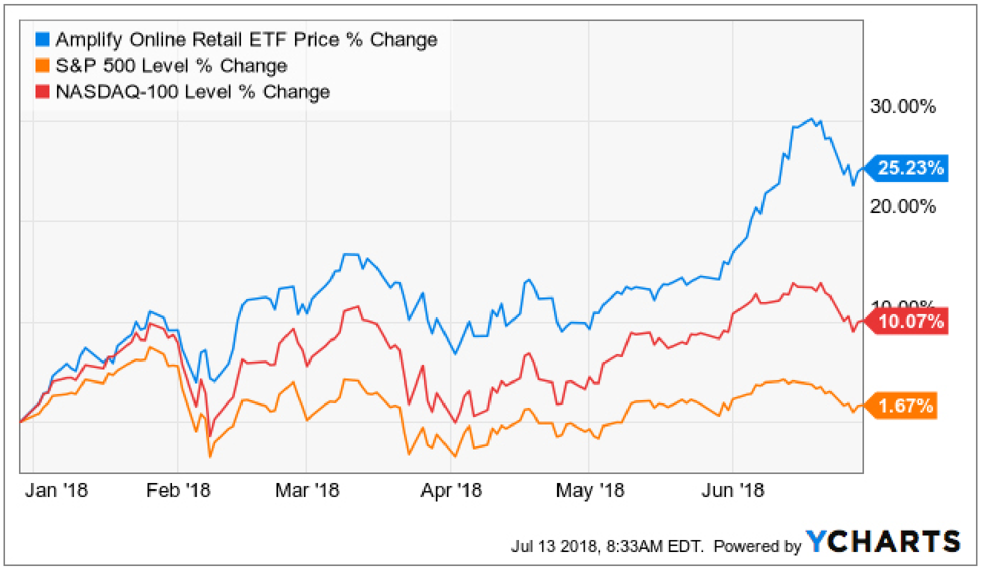
Online Retail Stock Performance

The first half of 2018 has been another solid period of performance for online retail stocks as evidenced by the Amplify Online Retail ETF (IBUY), which returned 25.23% YTD as of 6/30/18. Also, IBUY returned 40.88% for investors in 2017. IBUY seeks investment results that generally correspond to the EQM Online Retail Index (IBUYXT).

IBUY Performance *Quarter end as of June 30, 2018*	CUMULATIVE (%) 1 Mo.	3 Mo.	6 Mo.	YTD	Since Inception	ANNUALIZED (%) 1 Yr.	Since Inception
Fund NAV	8.27%	13.56%	25.25%	25.25%	104.58%	45.06%	38.51%
Closing Price	8.27%	13.56%	25.23%	25.23%	104.77%	44.78%	38.57%
S&P 500 Index	0.48%	2.93%	1.67%	1.67%	29.30%	24.68%	14.76%
Nasdaq 100 Index	1.05%	6.98%	10.07%	10.07%	55.07%	12.17%	23.57%

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. The Fund's gross expense ratio is 0.65%.

Year-to-date through the end of June, IBUY handily outperformed both the S&P 500 Index and NASDAQ 100 Index. Below is the performance comparison chart of IBUY versus the two well-known indexes.



IBUY – A Top Performing ETF

IBUY was the fifth best-performing U.S.-listed ETF from the beginning of 2018 through July 10, 2018 according to ETF.com data (among 1,850 ETFs). This ETF ranking was shown in the July 11th, 2018 article on ETF.com titled "Top Performing ETFs of the Year." The analysis included the entire ETF universe excluding all inverse, leveraged and volatility ETFs. The ranking criteria is a simple measure of ETF price performance from 1/1/18 through 7/10/18.

Companies Driving Performance The EQM Online Retail Index utilizes an equal weighted approach to the stocks it holds in both its U.S. and non-U.S. based sleeves which are weighted 75% and 25% respectively. This approach means that the index is not overly concentrated in a single stock due to market capitalization, and that smaller companies can have the same impact on the portfolio as larger companies. In the first half of 2018, we saw some of the benefits of this approach, with both smaller companies and ones based outside the U.S. as top performers.

EQM Online Retail Index (IBUYXT) – Holdings Performance Attribution – 1/1/18 – 6/30/18

Company	Ticker	% Total Return
Carvana Co	CVNA	117.57%
Etsy Inc	ETSY	106.31%
Netflix	NFLX	103.91%
Shutterfly Inc	SFLY	80.96%
Ocado Group PLC	OCDO LN	78.67%
TripAdvisor Inc	TRIP	61.67%
Wayfair Inc	W	47.95%
GrubHub Inc	GRUB	46.11%
Amazon.com Inc	AMZN	45.35%
Shopify Inc	SHOP	44.45%
Lands' End Inc	LE	42.71%
Stamps.com Inc	STMP	34.60%
Copart Inc	CPRT	30.96%
IAC/Interactive Crop	IAC	24.71%
Make My Trip Ltd	MMYT	21.11%

Many people only think of Amazon when it comes to online retail, but as the list above illustrates there are other companies generating attractive returns as well. In fact, in 2017, Amazon was just the 15th best performing holding in the EQM Online Retail Index.

EQM Online Retail Index (IBUYXT) – Holdings Performance Attribution – 1/1/17 – 12/31/17

Company	Ticker	% Total Return
Overstock.com	OSTK	265.14%
Shopify Inc.	SHOP	135.60%
Wayfair Inc.	W	129.02%
PetMed Express Inc.	PETS	102.11%
Mercadolibre Inc.	MELI	101.99%
Alibaba Group	BABA	96.37%
GrubHub Inc	GRUB	90.86%
IAC/Interactive Corp	IAC	88.73%
PayPal Holdings	PYPL	86.52%
Carvana Co	CVNA	78.03%
Start Today Co Ltd	3092 JP	77.44%
Etsy Inc	ETSY	73.60%
Stamps.com Inc	STMP	63.98%
JD.com Inc	JD	62.81%
Amazon.com Inc	AMZN	55.96%

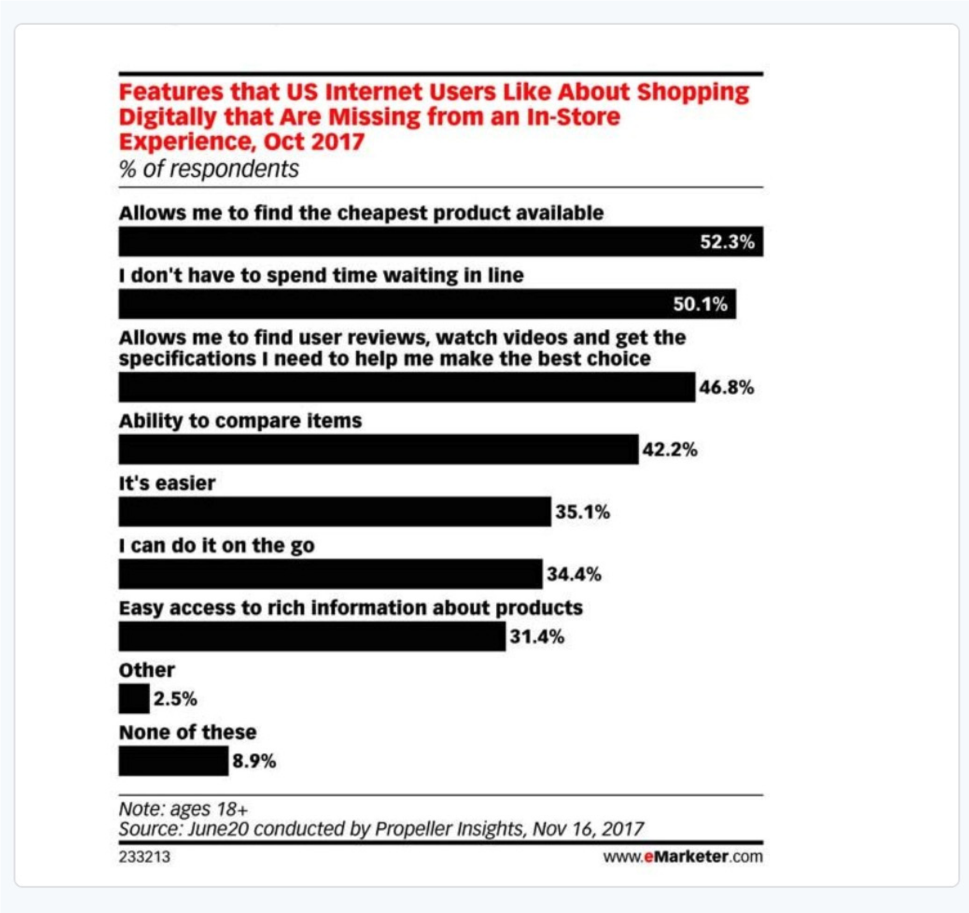
Most Talked About Development in Online Retail

In late June of 2018, the U.S. Supreme Court ruled that states can force online retailers to collect sales tax on transactions even if the online retailer does not have a physical presence in that state. The much-anticipated ruling sets up more than 10,000 state and local taxing authorities to collect taxes from online retailers. Implementing the various tax rates, tax holidays and tax exempt items across these jurisdictions will be complicated. Thus, an effort is already underway for national legislation to be passed through Congress to standardize state and local sales tax for online transactions.

We believe this ruling gives an advantage to publicly-traded online retail and marketplace companies, as they will be able to spend the time and money to developing a solution to collect these taxes. This ruling may force many small businesses who can't afford to develop their own tax collection solution to partner with online retailers or join marketplaces to fulfill tax requirements on their sales.

It's notable that the Supreme Court ruling had no significant impact on the stock prices of the diverse group of online retailers. Perhaps this is due to the many other factors that appear to be attracting consumers to shop online, beyond potentially avoiding the payment of state and local sales taxes. Nevertheless, this issue will be one to watch over the next year.

As an aside, when was the last time you heard someone buy online to avoid state and local sales tax? This may be a reason for some consumers but personal experience and a survey by ecommerce research group eMarketer, shows plenty of other reasons why internet shoppers like to shop online versus in-store.



Mergers & Acquisitions Activity and Fundamental Strength

A number of online retail stocks in the EQM Online Retail Index saw announcements like partnerships, acquisitions and improved revenue estimates over the past six months. This is a trend to watch, as this activity illustrates the dynamic nature of many of these companies as they mature and begin to be able to partner, acquire or manage their business more effectively. Here's a list of these lesser known companies below.

Shutterfly: After the close of the market on January 30th, 2017 Shutterfly announced its acquisition of the largest school photo company in the US, a privately held firm called LifeTouch. Shutterfly shares gained more than 35% the very next trading day based on that news being actionable.

Grub Hub: On Feb 8, 2018 shares of Grub Hub gained more than 25% on an announced partnership with Yum Brands, under which Yum acquired $200 million in Grub Hub shares. In addition, Grub Hub became the exclusive online ordering, pickup and delivery platform for KFC, Pizza Hut and Taco Bell.

Ocado: On May 17, 2018 shares of Ocado gained more than 45% on an announced partnership with Kroger in which Kroger will use Ocado's online ordering technology, automated fulfillment solutions and delivery logistics in the grocery business.

Stitch Fix: On June 8th, 2018 shares of Stitch Fix rose more than 25% after it announced stronger than expected financial results for its fiscal third quarter.

Etsy: On June 14th, 2018 shares of Etsy gained more than 28% when it announced an increase in platform fees that in turn boosted its revenue outlook for the year.

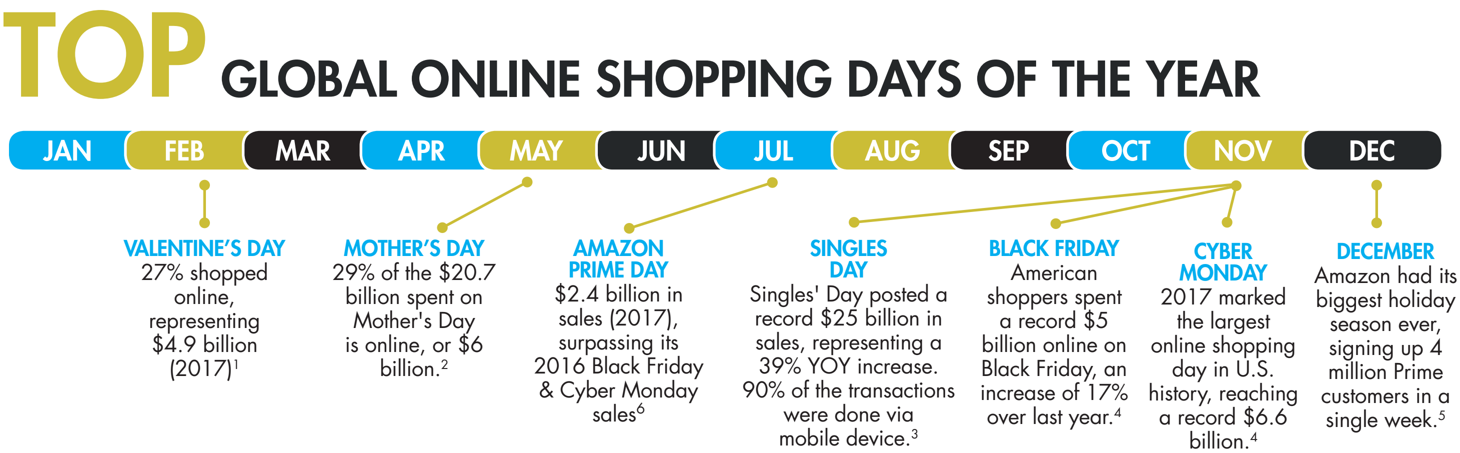
Outlook for Online Retail Stocks

Looking at the second half of 2018, we expect continued online retail market share and sales growth, additional brick and mortar store closures, and healthy consumer confidence being beneficial for online retail stocks. In addition, we should see more strategic partnerships and acquisitions as both brick and mortar retailers and companies from other industries seek to accelerate their e-commerce presence.

It's important to note the second half of the year tends to be strong seasonally for online retailers for a variety of reasons. Amazon's 30-hour Prime Day in July has created demand in a historically quiet retail month for both Amazon and many other retailers. Then the traditional back-to-school shopping season begins in early August and usually lasts well into September. In early November, Singles' Day in China takes place which generates more sales than Black Friday and Cyber Monday combined. Finally, the all-important U.S. holiday shopping season kicks off in late November. This shopping fest includes the Thanksgiving holiday, Black Friday and Cyber Monday and doesn't really end until after Christmas.

Our early expectations for the 2018 holiday shopping season are elevated due to leading indicators like high consumer confidence and the historically low unemployment rate. While 2017 overall holiday retail sales rose 5.5% over 2016, we think a higher growth rate could be in store for 2018. This would be very positive for online retailers; especially as online retailers have historically experienced a higher than average market-share of total U.S. retail sales during the holiday season.

Here's a timeline highlighting the key online shopping holidays, many of which occur in the second half of the year.



Source: Amplify – Year in the Life of Online Retail.PDF

[1] Source: NRF Valentine's Spending Survey
[2] Source: bigcommerce.com
[3] Source: Bloomberg Technology
[4] Source: Adobe Digital Insights
[5] Source: CNBC
[6] Source: Statista, CNBC

Risks to Monitor

There are a variety of business specific risks to monitor when it comes online retail stocks. A trade war between the U.S. and major countries like China would impact companies selling or being supplied goods across borders. This could also dampen consumer confidence due to a rise in prices. Another risk factor to assess is global sentiment towards equities. Should equity sentiment turn defensive, the growth-oriented nature of online retail stocks could make them less attractive versus more defensive equities in sectors like Utilities or Consumer Staples. Additional specific risks to the stock prices of online retailers to consider include the pending U.S. state and local tax issue and the overall health of the world economy, as many online retailers sell in a variety of countries.

Important Disclosures

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 Nasdaq 100 Index is a basket of the 100 largest, most actively traded U.S companies listed on the Nasdaq stock exchange. The index includes companies from various industries except for the financial industry, like commercial and investment banks.

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.

References to other funds should not be interpreted as an offer of these securities.

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

Amplify ETFs are distributed by Quasar Distributors LLC.

Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

IBUY ETF Top 10 Holdings (as of 6/30/18)
Carvana (CVNA) 4.97%
Wayfair (W) 4.49%
TripAdvisor (TRIP) 4.46%
Lands' End (LE) 4.26%
Etsy (ETSY) 4.18%
PetMed Express (PETS) 3.97%
Stitch Fix (SFIX) 3.76%
Netflix (NFLX) 3.74%
IAC/Interactive (IAC) 3.49%
Nutrisystem (NTRI) 3.44%