

## Evolve Metaverse ETF

MESH provides investors with an actively managed diversified portfolio of companies involved in the development of the metaverse.

TSX

**MESH**

ETF TICKER: MESH (HEGED)

**Investment Thesis:** The metaverse is an immersive next-generation digital universe with vast opportunities in the software, VR/AR hardware and virtual platforms involved in its development.

### GENERAL INDUSTRY UPDATE



Source: Rawpixel.com

Even though the metaverse is still in its infancy, it's easy to see how it will change the way we live, work, shop, and interact. There are already several platforms that provide a metaverse experience, including Sandbox, Decentraland, Horizon Worlds, and Spatial. Some are run by companies while others are community-driven.

The metaverse is developing, very slowly and no-one really knows what it will become. With the metaverse, it's more about the potential. And that is what why businesses and investors are so excited, and why private capital is pouring into the metaverse.

In 2021 alone, metaverse-related companies raised close to \$10 billion, more than double what they did in 2020.<sup>1</sup> It was also valued at \$209.7 billion<sup>2</sup>; by 2030 the total addressable market could reach \$13 trillion, accelerating at a compound annual growth rate (CAGR) of 67.58%.<sup>3</sup>

Demand for space in the metaverse is already creating a boom in virtual real estate, with users, investors, businesses, and celebrities spending anywhere from thousands to millions of dollars on digital property.<sup>4</sup>

Sales of real estate in the metaverse topped \$500 million in 2021 and could reach \$1 billion in 2022. From 2022 to 2028, the metaverse real estate market is projected to expand at a CAGR of 31%.<sup>5</sup>

It's not just real estate that metaverse users can purchase either; they can also buy virtual clothes, food, groceries, pets, vehicles, art, and concert/event tickets—everything you'd need in the physical world. To pay for all of this, some users will need to find jobs in the metaverse to earn cryptocurrencies.

## COMPANY SPECIFIC UPDATES



Source: AMD Xilinx EK-U1-ZCU111-G - productshot

### Advanced Micro Devices

AMD, which is held by the fund, announced it is collaborating with Meta Platforms (which is also held by the fund) as an ecosystem partner to help build a metaverse-ready radio access network (RAN). Meta has been collaborating with various partners to develop and build the necessary networking architecture required for the metaverse.<sup>6</sup>

AMD's radio chip Xilinx Zynq UltraScale RFSoC will be used to develop radio units to expand 4G and 5G mobile network infrastructure. AMD announced it was acquiring Xilinx for \$35 billion in October 2021 and completed the acquisition on February 14, 2022.<sup>7</sup>



Source: Meta Inc.

### Meta Platforms Inc

On May 9, Meta Platforms opened its first physical retail location—Meta Store—on its campus in Burlington, California. Meta, which isn't known for its hardware, is using the store to showcase its virtual reality (VR) headsets the Oculus Quest 2 and its vision for the metaverse.<sup>8</sup>

The store also features Portal video chat devices, Ray-Ban Stories smart glasses, and other accessories—everything users need to connect in the real world with the metaverse.

Meta Platforms also announced recently that it built a new AI platform to help it develop more realistic avatars for virtual worlds in the metaverse. The new platform, called MyoSuite, creates more realistic musculoskeletal models which work more efficiently than existing ones.<sup>9</sup>



Source: Unity Software Inc.

### Unity Software Inc.

Unity Software, which is held by the fund, announced that revenue for the first quarter ended March 31, 2022 jumped 36% year-over-year to a record \$320.1 million. Free cash flow in the first quarter of 2022 was \$86.4 million, compared to a free cash flow low of \$100.6 million for the same period last year.<sup>10</sup>

Unity ended the quarter with cash, cash equivalents, and restricted cash of \$1.2 billion as of March 31, 2022, compared to \$1.1 billion as of March 31, 2021.

## Sources:

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10. "Unity Announces First Quarter 2022 Financial Results," Unity Software Inc., May 10, 2022; <https://investors.unity.com/news/news-details/2022/Unity-Announces-First-Quarter-2022-Financial-Results/default.aspx>.

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