

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 (HEDGED)

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: Aurich Lawson/Getty Images

Most people believe the emerging metaverse is used just for games and virtual meetings. It's not. Early metaverse platforms are already being used by millions of people and it's having a big economic impact. That's why billion-dollar companies from around the world are rushing in to invest in the metaverse.

A virtual world that mirrors our own, the metaverse will transform daily lives, where users interact with colleagues and friends, travel to foreign countries, buy properties, build homes, role play, and get pilot licenses so they can fly to exotic destinations for vacations.

There's more to the metaverse than gaming and virtual meetings. There are massive business opportunities in the metaverse, as well. From film making, to manufacturing, to medicine, augmented reality is opening up new frontiers for creativity. It's a trillion-dollar opportunity that's attracting the attention of some of the world's biggest companies, including Meta, Microsoft, and NVIDIA.

In the first five months of 2022, private equity firms, venture capitalists, and corporations invested over \$120 billion in the metaverse. More than double what was invested in all of 2021.¹

It's not just big tech companies and investors that will benefit from the metaverse, however. It offers tremendous opportunities for small business owners and entrepreneurs anywhere on the planet to create and share their products or services with everyone on the platform in real-time.

The metaverse may still be in its infancy but its not expected to take long for it to have a serious impact on global gross domestic product (GDP), with current impact estimates ranging from \$1.5 trillion per year by 2030 to \$5 trillion a year by 2031.

In 2021, the global GDP was \$96.2 trillion. In less than a decade, the metaverse could account for as much as 5.2% of global GDP. And it's just getting started.²

COMPANY SPECIFIC UPDATES



Source: Tencentcloud.com

Tencent Holdings Ltd

Tencent Holdings Ltd., which is held by the fund, published a paper entitled *Immersive Convergence*. The white paper details how Immersive Convergence is a model that integrates both the digital economy and the real world to create an immersive experience that allows users to perceive, connect, and interact with both worlds through various terminals and platforms.³

With breakthroughs in software and hardware technologies, including cloud computing, artificial intelligence (AI), the Internet of Things (IoT), 5G, machine learning (ML), digital twins, extended reality, the metaverse, and blockchain, there are a growing number of opportunities for Immersive Convergence to integrate the virtual and physical worlds.

Tencent has already released a number of products and tools that address remote interaction and digital twins. It has also released intelligent products that are integrated into AI. Meanwhile, the company's Orca-distributed cloud operating system provides high-performance computing, low-latency networks, and high-performance storage—technology that is imperative for infinite computing.



Source: Marketplace.alibabacloud.com

Alibaba Group Holding Ltd.

Alibaba Cloud, the digital technology backbone of Alibaba Group, has unveiled new products and committed \$1 billion to support partners' technology innovation and market expansion with Alibaba Cloud.⁴

Alibaba Cloud provides a comprehensive suite of cloud services including elastic computing, network virtualization services, large-scale computing, big data analytics, a machine learning platform, and IoT services to over 11,000 partners worldwide.

For example, together with JP Games, Japan's leading game development studio, Alibaba Cloud unveiled a set of new services to create virtual spaces and realistic avatars for customers operating in the metaverse.

For MetaverseXR, Thailand's leading metaverse company, Alibaba Cloud provided a suite of metaverse solutions for the Thai market to meet the growing demand for Web 3.0 products.

Alibaba Cloud is also collaborating with OnFinality, a leading New Zealand-based blockchain infrastructure provider, to offer cloud computing capability and a network for Web 3.0 developers looking to scale globally.

PORTFOLIO STRATEGY AND ACTIVITY

For the month, Tencent Holdings Ltd. made the largest contribution to the Fund, followed by Taiwan Semiconductor Mfg. Co. Ltd. and Alibaba Group Holding Ltd. The largest detractors to performance for the month were Take-Two Interactive Software, Inc, followed by Coinbase Global Inc. and Roblox Corp.

PERFORMANCE (%)

TOTAL RETURNS*	1 MTH	3 MTH	6 MTH	YTD	1 YR	SI**
MESH (HEDGED)	6.48	-9.43	-15.06	-43.74	-46.64	-46.08

Source: Bloomberg, as at November 30, 2022.

** Performance of MESH since inception on November 24, 2021.

Sources:

1. "How will businesses use the metaverse?" The Economist, November 24, 2022; <https://www.economist.com/films/2022/11/24/how-will-businesses-use-the-metaverse>.
2. O'Neill, A., "Global gross domestic product (GDP) at current prices from 1985 to 2027," Statista, last accessed December 6, 2022; <https://www.statista.com/statistics/268750/global-gross-domestic-product-gdp/>.
3. "Tencent x Accenture Immersive Convergence White Paper," Tencent Holdings Ltd., September 28, 2022; https://staticintl.cloudcachetci.com/yehe/backend-news/Tencent%20x%20Accenture_Immersive%20Convergence%20Whitepaper.pdf.
4. "Alibaba Cloud Unveils Strategic Roadmap for International Business," Alibaba, September 22, 2022; <https://www.alibabagroup.com/en-US/document-1509741131389206528>.

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