

# The Metaverse. See it for all it really is.



## What is the Metaverse? Meta = Beyond Verse = Universe

- Also known as Web 3.0, the Metaverse is the convergence of the physical and digital worlds
- It connects people to other **people, places and things**

### 3 main drivers accelerating Metaverse adoption



#### Innovation

Technological breakthroughs in various areas, such as blockchain/cryptocurrency, 3D software and chip processors can drive growth



#### Acceptance

Gen X and Millennials generally accept a digitalised world, and Gen Z grew up to be digital natives



#### Scale

An increasingly connected world will allow adoption of the Metaverse at scale

## The Metaverse Opportunity

The Metaverse is an expanding and tangible investment opportunity with a global customer base.<sup>1</sup>



**A potential \$800bn\*\* market by 2024**

(Bloomberg, 2021)

**Forecast: Compound annual growth rate of around 13%**

(Bloomberg Intelligence 2021)

**Could represent a \$1trn market by the end of the decade<sup>2</sup>**

“...the Metaverse, or Web 3.0 is connecting people to people, places and things. This is a huge technological change that allows a vast range of opportunities.”

— AXA Investment Managers



## 4 Sub-themes with Long-term Investment Potential

AXA IM has identified four main sub-themes with potentially long-term investment opportunities.



### Gaming

- The first building block of the Metaverse
- The gaming industry's technological breakthroughs offer immersive and large-scale experiences
- **Roblox**: One of the leading Metaverse gaming companies with **approximately 55 million average daily active users<sup>3</sup>**
- **Epic Games**, creators of Fortnite, secured **\$2bn** from Sony and LEGO to fund Metaverse plans<sup>4</sup>
- Gaming themes include: Virtual possessions and gamevertising<sup>5</sup>



### Socialising

- One of the fundamental pillars of the Metaverse
- Social platforms enable the Metaverse by providing content creation, ongoing maintenance of live experiences, user interfaces and social interactions
- **Meta** CEO, Mark Zuckerberg, committed a **capital expenditure of \$29bn to \$34bn** to build Metaverse capabilities and spent \$10 billion on Facebook Reality Labs<sup>6</sup>
- Socialising themes include: Digital relationships, AR experiences



### Working

- The future of work will allow us to collaborate and meet in a more immersive way
- The world of industry will be a large market place where specialists can design things in virtual reality, utilising the Metaverse
- **Google** invested **\$39.5 million** in a private equity fund for Metaverse projects<sup>7</sup>
- Working themes include: Virtual venues/events, teleportation



### Enabling

- Main enablers will be key to supporting the pace of development for the Metaverse:
  - 1) Semiconductors
  - 2) Network infrastructure
  - 3) Cybersecurity/payments
- Powerful 3D real-time simulation will allow people to create a 'digital twin' – an identical digital copy of a physical element – before deploying it in the real world
- **Over 100,000** individual creators, designers, engineers, and students downloaded the **NVIDIA Omniverse** platform in 2021<sup>8</sup>
- **Alibaba** leads **\$60 million funding** into AR glasses maker NReal<sup>9</sup>
- Enabling themes include: Hardware, app technologies

**Be future-ready with AXA IM**



#### Sources:

<sup>1</sup>Llandric, Pauline. "All across the Metaverse: What Is It and What Investment Opportunities Does It Present?" AXA Investment Managers Singapore, March 22, 2022. <sup>2</sup>CB Insights. "The Metaverse Could Be Tech's next Trillion-Dollar Opportunity: These Are the Companies Making It a Reality." CB Insights, April 21, 2022. <sup>3</sup>Makuch, Eddie. "Roblox Had Nearly 55 Million Daily Active Players in January, about 45.5 Million for Last Year." GameSpot, February 16, 2022. <sup>4</sup>Staff, Editorial. "Epic Games Raises \$2B for Metaverse, MasterCard Scales NFT Plans and Ripple Scores Big Win against Sec: Hodler's Digest, April 10-16." Cointelegraph Magazine, April 16, 2022. <sup>5</sup>Chui, Emma. Rep. Into The Metaverse. Wunderman Thompson, 2021. <sup>6</sup>Kastrenakes, Jacob, and Alex Heath. "Facebook Is Spending at Least \$10 Billion This Year on Its Metaverse Division." The Verge, October 25, 2021. <sup>7</sup>Shen, Timmy. "Google Backs Foxconn Taiwan Subsidiary on Metaverse Projects." Forkast, January 7, 2022. <sup>8</sup>Mendizabal, Edmar. "2021 Marked the Year of Virtual Worlds with Innovations from Nvidia Omniverse." NVIDIA Technical Blog, January 27, 2022. <sup>9</sup>Kaur, Dashveenjit. "Alibaba Pours Millions into AR Glasses Maker Nreal as It Bets on Metaverse." Tech Wire Asia, April 4, 2022.