

how to invest in the

Metaverse

A Beginner's Guide



Introduction

The concept of the Metaverse blew up in 2021 when Facebook announced its rebrand to “Meta platforms”.

Although that was when many first heard of the term ‘metaverse’, the term was first introduced in Neal Stephenson’s 1992 sci-fi novel, Snow Crash. But regardless of how you came to know of the Metaverse, if you’re bullish on the eventual development of this novel industry and want to grow your portfolio by riding its growth, this guide is written for you.

In this guide, we aim to give you an introduction to the “Metaverse” and compile some of the best ways to gain exposure to the Metaverse.

p.s. as the metaverse develops, new opportunities will arise. We aim to stay ahead of the changes and keep the online guide updated, so bookmark this page and check back frequently for updated!

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Table of Contents

What is the Metaverse?

What's in the metaverse?

Where will the Metaverse be?

Who will build the Metaverse?

How to Invest in the Metaverse?

Metaverse Stocks to invest

Metaverse ETFs

Metaverse Cryptocurrencies

Metaverse Crypto Index Fund

Virtual Real Estate

Metaverse NFTs

Metaverse Games

Best Metaverse Books of All Time

Future of metaverse

What is the Metaverse?

The metaverse is **a virtual reality, 3D environment** where you can interact with others and enjoy experiences similar to that in the real world. Xing Hui wrote a [great introduction to the Metaverse here](#).

That said, there isn't a clear direction to how the Metaverse would eventually turn out at the point of writing, for all we know, the eventual metaverse could be a novel environment that's beyond my current imagination.

Some would argue that the Metaverse is already here, in the form of the internet while others suggest that it would be a place where the physical world merges with augmented and virtual reality.

What's in the metaverse?

There're a few key features that the metaverse should have:

- the ability to **interact with other users** using avatars,
- the ability to **host and participate in events**, with a fully immersed experienced,
- the **availability of structures** or environment that emulate those in the real world,
- the **ability to own assets** in the metaverse, and
- the **ability to make money** in the metaverse (which will affect how businesses will be done – think advertising and shopping within the metaverse)

A common misconception is that the Metaverse is an environment purely for gaming. However, we think that it could be a technology that delivers the clearest forms of presence on the internet.

For example, it could provide you with the same experience as attending a physical meeting instead of just a Zoom meeting

Where will the Metaverse be?

At the point of writing, there seem to be two potentially distinct paths to the development of the Metaverse:

1 - Metaverse built on existing technologies

Companies like Meta Platforms, Microsoft, Nvidia and many more are focused on building out the metaverse as a new experience for users. This version of the Metaverse is likely to be supported by existing big tech companies.

If you are bullish on this version of the Metaverse, you might be interested in the following section on the best Metaverse stocks to invest in.

Where will the Metaverse be?

2 - Metaverse on the blockchain

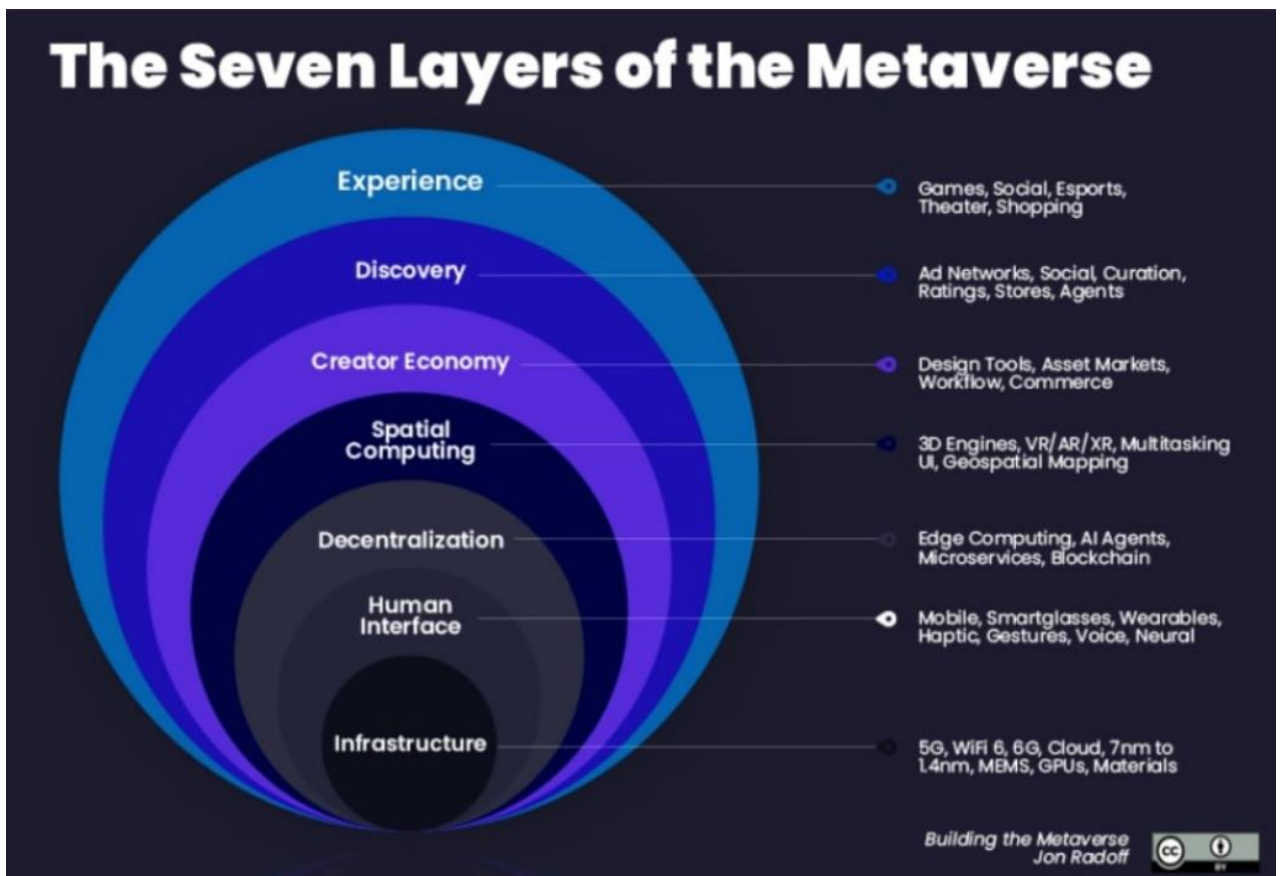
Another path is the development of the Metaverse on the blockchain. This is highly intertwined with the concept of Web3, which is another deep topic to be covered in a separate guide. For now, you can think of it as a decentralised internet where no single corporation or government owns or have control over.

If you are bullish on this version of the Metaverse, you might be interested in the subsequent section on the best Metaverse cryptocurrencies to invest in.

These paths could likely converge or simply co-exist in the future, but regardless, the Metaverse market size has been forecasted to grow to a whopping \$828.95B in 2028! For context, it was already worth about \$48B in 2020.

Who will build the Metaverse?

Jon Radoff suggested the seven layers of the Metaverse with each layer serving to support the development of the metaverse.



This can serve as a useful framework to finding investing opportunities in the Metaverse theme, which brings us to the next section on:

How to Invest in the Metaverse?

Today, there are many opportunities to gain exposure to the growth of the Metaverse which I would group into 4 main categories:

- **Stocks:** These are listed companies that are building the technology, hardware or infrastructure that would support the metaverse.
- **Cryptocurrencies:** These are cryptocurrency projects that are building the technology or infrastructure that would support the metaverse on the blockchain.
- **Virtual Land:** Virtual real estate that could allow you to generate a revenue in the metaverse.
- **NFTs:** Virtual assets that could deliver value when the metaverse has been developed.

We list some of the interesting ones in the following sections, and you can check out online guide for latest updates!

However, please do your own research before putting any of your hard earn money!

Metaverse Stocks to invest

Here's a compilation of the best metaverse stocks to invest:

1. Apple (NASDAQ: AAPL)

Apple is known for its innovative culture and its ability to create and deliver excellent products. They are reportedly working on an augmented reality/virtual reality (AR/VR) headset that may launch in 2022.

If successful, they could capture a market under the “Human Interface” layer of the Metaverse by equipping users with (hopefully) affordable AR/VR headsets.

2. Qualcomm (NASDAQ: QCOM)

Qualcomm is the market leader for semiconductor chip patents and applications across many leading industries.

It could become a key player supporting the development of the Metaverse at the Infrastructure layer.

3. Tencent (HKG: 0700)

The most immediate form of the Metaverse could be video games, a gamified social network or even an early for of AR/VR driven experience.

Tencent has its legs in many of these industries through its subsidiaries or investments, which could allow it to gain a foothold across multiple layers of the metaverse.

4. Meta Platforms (NASDAQ: FB)

Meta Platforms' commitment to the metaverse is obvious with its rebrand, its efforts to develop Oculus as well as the introduction of new products like Facebook's Horizon Workrooms.

On top of that, they have set aside US\$10 billion to develop technologies to build the Metaverse.

With the range of products Meta is working on, it might eventually win markets across multiple layers of the Metaverse from Human Interface, Creator Economy, Discovery and Experience.

Although we are still in early days of the Metaverse and are uncertain if Meta will eventually be a big player, their commitment on the Metaverse suggests that it could be a stock worth considering.

5. Nintendo (TYO: 7974)

You may be surprised to find that a company retailing gaming devices without HD capabilities on this list.

However, if you have been following Nintendo, you would have noticed its AR game experiences like the Pikmin project and Mario Kart live as well as its venture into VR via its VR Labo Kit.

Nintendo also has the experience of building successful hit titles with a social and virtual world aspect like the pandemic favorite, Animal Crossing.

Along with its IP in franchises like Super Mario and Pokemon, Nintendo could be an underdog metaverse company serving the experience and human interface layers of the metaverse.

6. Microsoft (NASDAQ: MSFT)

Microsoft caught the world's attention when it announced its move to acquire Activision Blizzard in Jan 2022, many saw this as Microsoft's declaration of its interest in the development of the Metaverse.

After all, games could be the first iteration of the metaverse and Microsoft has advantages in the gaming scene with Minecraft and Xbox.

Beyond gaming, Microsoft has also worked on its mixed reality smart glasses, the HoloLens and launched Mesh for Microsoft Teams with little fanfare. Mesh allows users to hold work meetings in virtual reality.

Coupled with its cloud infrastructure capabilities, Microsoft might just be a potential winner across multiple layers of the metaverse.

7. Unity (NYSE: U)

Unity is a game engine that allows game developers to build games and virtual worlds. It could become the go-to platform for metaverse developers or content creators in the future, serving the special computing and even creator economy layers of the metaverse.

It may be worth noting that Tencent owns a share in Epic Games, a private company that is a close competitor of Unity.

8. Roblox (NYSE: RBLX)

Roblox is a gaming platform where users can play a myriad of games made by other users – it enables users to create their own games and monetise their creations. Roblox is thought to be a form of metaverse powered by its own in-platform currency, Robux.

In 2021, Roblox grew rapidly to about 50 million daily active users.

Roblox could eventually serve the experience, creator economy and even the discovery layers of the metaverse.

9. Nvidia (NASDAQ: NVDA)

Nvidia designs high end graphic processing units (GPUs) that are used for gaming and most recently for cryptocurrency mining. They also design system on a chip (SoCs) units used in mobile phones and cars.

If the metaverse requires high-end graphic processing to deliver a better experience, the demand for Nvidia's GPUs could increase over time.

As a market leader of high-end GPU designs, it could serve the infrastructure and even spatial computing layers of the metaverse.

10. TSMC (NYSE:TSM or TPE: 2330)

Taiwan Semiconductor Manufacturing Company (TSMC) is a leading semiconductor chip foundry with 53% market share of the global market with the most advanced foundry capabilities and produces over 90% of all the advanced chips on the market. These chips are used in phones, laptops, cars and many more products.

The development of the metaverse is highly dependent on the underlying technology and how accessible it would be for end-users. No one would enjoy a metaverse experience if their computer cannot handle the technology and crashes while they are in a virtual Justin Bieber concert.

If TSMC remains the market leader for semiconductor chips as the metaverse plays out, it would definitely reap the benefits as demands for such chips continue to grow, serving the infrastructure layer.

Metaverse ETFs

Metaverse stocks might sound exciting, but you should know that there is no telling which companies would eventually emerge as market leaders in the metaverse.

It's just too early to tell. And you could end up with losses if you place your bets wrongly.

If you're not confident of picking the winners, the next best way to gain exposure is to consider Metaverse ETFs.

There are 4 to choose from currently:

- Roundhill Ball Metaverse ETF (METV)
- Fount Metaverse ETF (MTVR)
- Evolve Metaverse ETF (MESH)
- Horizons Global Metaverse Index ETF (MTAV)

The Roundhill Ball Metaverse ETF is the longest running metaverse ETF with the largest fund size, making it the most attractive option at the point of writing.

Now at this point, you might be wondering how you can gain exposure to the metaverse if it were to rely more on blockchain technology.

In the subsequent sections, we'll be diving into investing in the crypto Metaverse:

Metaverse Cryptocurrencies

1. Sandbox (SAND)

The Sandbox is a decentralised virtual gaming world that runs on the Ethereum blockchain.

You might have heard of celebrities or brands (like Gucci and Adidas) buying up virtual land on Sandbox.

They have also announced partnerships with major Hong Kong companies like PwC Hong Kong and Times Capital to create a Mega City metaverse within the Sandbox ecosystem.

2. Decentraland (MANA)

Similar to the Sandbox, Decentraland runs on the Ethereum blockchain. But instead of having multiple universes, Decentraland aims to operate a single shared virtual world.

Celebrities like JJ Lin and brands like Samsung have purchased land, with Samsung launching a virtual version of its New York flagship store within Decentraland. Companies like Nike are also working to launch wearables that can be used within Decentraland.

3. Victoria VR (VR)

Victoria VR aims to help businesses to move onto the metaverse by “enabling the creation of new business models and a new breed of digital entrepreneurs.”

As businesses look for new ways to capitalise the new metaverse, Victoria VR may just become the go-to solution that serves these enterprises.

4. Chromia (CHR)

Chromia is a relational blockchain platform which is a database of blockchains, giving developers the ability to customise their blockchain and decentralised apps. Chromia powers blockchain games like My Neighbour Alice and Mines of Dalarnia.

It has announced a \$80m Metaverse Grant for the development of interconnected game worlds on Chromia as well as the Chromia Spaces which is a multiplayer blockchain and NFT enabled world game where players can create their own avatar, play games and generate in-game revenue.

5. Enjin Network (ENJ)

Originally a developer of blockchain based gaming products, Enjin Network has evolved tremendously since its launch in 2009. Over the years, it had pioneer the NFT space on Ethereum, launched the Enjin wallet that allows users to trade NFTs and more.

Today, it is branded as a solution to create and manage digital assets, allowing developers to create their own cryptocurrencies and NFTs which could possibly be used across multiple games or worlds in the future.

They have also partnered with MNCs like Microsoft, Samsung, Unity and more.

6. Render Token (RNDR)

Render Token is the token for the Render Network, a decentralised GPU based rendering solution that aims to create an efficient and scalable rendering network. As the metaverse is being developed, the demand for rendering power could increase.

Currently, there is a limit on the GPU power available on the cloud and it is insufficient even for the big companies. Render Network's solution is to tap into idle GPU power in everyone's devices via a decentralised network.

As demand for GPU rendering grows, Render Network might see good growth by letting folks like you and me to contribute our idle GPU for a fee (paid out in RNDR).

7. Bloktopia (BLOK)

A virtual skyscraper with 21 levels, in honor of Bitcoin's 21m total supply, Bloktopia aims to provide a VR experience in an immersive environment.

Within the Bloktopia world, token holders can own real estate, play games, build communities and do much more. Users will eventually have the ability to generate revenue from their real estate as well as advertising.

Where to buy Metaverse crypto?

You can buy cryptocurrency using fiat currency via centralised crypto exchanges ([we compiled the best ones for Singaporeans here](#)) or using your available cryptocurrencies via decentralised crypto exchanges.

Metaverse Crypto Index Fund

Much like stocks, it is difficult for us to tell which metaverse cryptocurrencies could become the eventual winners today. But fret not, because you can consider Metaverse Crypto Index Funds that function similar to ETFs.

A crypto index fund focusing on the Metaverse theme is the Metaverse Index (\$MVI) by Index Coop which aims to become the decentralised version of Blackrock.

You can buy it via [Index Coop](#) using ETH, DAI or USDC. Do note that there are 'streaming fees' which are like the expense ratio of the ETFs.

Virtual Real Estate

Virtual land or real estate work in similar ways as physical real-world land or real estate whereby it can increase in value over time and generate a rental income in the metaverse.

However, in the metaverse, there can be an unlimited supply of such real estates across various platforms.

Hence, you'll need to consider additional factors like the accessibility of the platform where you want to own land, ability of the platform to attract users, location within the metaverse, desirability of the real estate for both users and brands (so that you can rent it out later) and whether other users would want to interact or hang out there.

The most common places to buy metaverse land currently are:

- Decentraland,
- Sandbox,
- Somnium,
- Cryptovoxel, and
- Upland

However, do keep in mind that virtual real estate remains a highly speculative field, so do your research thoroughly before investing anything!

Metaverse NFTs

NFTs are provable ownership of digital assets and are said to be a key asset in the metaverse as it allows users to own items within the metaverse and personalise their experience. Land, buildings, avatar items and game items can be owned in the form of NFTs.

As interconnected metaverses are developed, you may be able to use certain NFTs across various platforms in the future and this could drive the value of the NFT.

There're more factors that drive the value of NFTs, you can learn more about them by reading these articles:

- [What are NFTs](#)
- [How to identify undervalued NFTs](#)
- [Why are people going crazy over NFTs?](#)

Or, you can join AK at his [cryptocurrency masterclass](#) to learn more.

Metaverse Games

Games are often thought to be the first (likely) step of the metaverse as there are many elements that games have already solved – *from the technical ability to accommodate massive online interactions (as in massive multiplayer online games) to the development of a social network where people can interact in.*

In fact, some would argue that games are already a form of the metaverse.

If you'd like to explore how the metaverse could potentially turn out, here's a list some popular "metaverse" games:

- Axie Infinity
- Sandbox
- Star Atlas
- Fortnite
- Roblox
- My neighbour Alice
- Vulcan Forged
- Polkacity

Best Metaverse Books of All Time

If you wish to understand more about the Metaverse, here're some books to check out:

Snow Crash by Neal Stephenson

Stephenson is credited as the person who coined the term 'metaverse' which was described as a virtual reality world where people can escape to in his science fiction novel, Snow Crash.

Ready Player One

Ready Player One is another novel which describes a potential metaverse and how people would interact with it.

The Simulation Hypothesis

This book flips the equation around and tries to tackle the question; "Are we living in a video game?". It could give you some food for thought about the potential development of the metaverse.

Future of metaverse

We are still in the early stages of the metaverse and I believe that the development of the metaverse would bring along interesting innovations and possibly new players to the scene.

Although it is almost impossible to predict how the metaverse would eventually evolve, we can observe the current development of various layers of the Metaverse and hopefully pick potential winners which could accelerate the growth of our portfolio.

p.s. as the metaverse develops, new opportunities will arise. We aim to stay ahead of the changes and keep the online guide updated, so bookmark this page and check back frequently for updated!

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