

Built on Blockchain — The Metaverse

With Facebook’s recent name change, nearly everyone has heard of the metaverse, but what is it really? Is it virtual and augmented reality? Is it Fortnite? Is it purchasing digital assets with actual analog money? Yes but no – the metaverse is not so much new technology but how we interact with it. The idea of the metaverse is fairly new (first mentioned in the science fiction novel *Snow Crash* published in 1992), and like the internet of the 1990s and early 2000s, it is still developing. However, even at this early stage, it is becoming clear that blockchain technology is an essential cog in this machine and will be critical to its future growth.

The Shaping of the Metaverse

In *Snow Crash*, the metaverse was presented as a vast, virtual world existing in parallel to ours. This definition still has merit, with many experts saying the metaverse is a 3D version of the internet where you spend your digital life. For investors, whatever definition is ultimately adopted carries far less importance than this prediction by Grand View Research, Inc. – the metaverse market size is expected to attain \$678.8 billion by 2030, which is a CAGR of 39.4%.¹ While this astronomical growth may be hard to believe, here are eight huge companies that are clearly believers (all making big investments into the metaverse):

Microsoft	Meta (Facebook)	Google	Nvidia
Unity Software	Shopify	Roblox	Qualcomm

For illustrative purposes only. Nvidia and Roblox are holdings in the BLOK ETF. See bloketf.com for holding information.

What is the Buzz All About?

Wired probably said it best – talking about the metaverse today is like talking about the internet in the 1970s. At that time, government scientists had developed the basic building blocks of a new form of communication, but it was way too early to predict how these inventions would impact society. What can’t be denied is the internet exploded and is now ubiquitous in modern life. Will the metaverse follow the same track? Many experts and companies believe it will.

Today, people play games like Fortnite, Decentraland, and Sandbox in the metaverse. It’s where we experience 3D virtual and augmented reality content as well, but this is just scratching the surface when you consider the current definition mentioned earlier. Since the metaverse is a virtual world that parallels our own, it is not a stretch to imagine virtual neighborhoods, work places, and clubs. And you can’t build virtual neighborhoods without virtual land, which is now available (for rent or sale using digital currency). You can visit a virtual art gallery in the metaverse, browse the collection of digital works (in the form of non-fungible tokens – NFTs), make your purchase, and retire with a virtual latte at a virtual hotel. This is just the beginning - the idea is everything that can be done in the real world will eventually be done in the virtual world.

¹ Grand View Research, Inc. March 2022. Compound annual growth rate (CAGR) is the rate of return that would be required to reach the ending value.

Why the Metaverse Can't Exist without Blockchain

Back in the early days of the internet, there was great (and legitimate) concern among content owners that anything placed online could be easily stolen. Over time, different strategies were developed to ward off cyberthieves, but then came blockchain. Simply put, blockchain is an encrypted digital database shared by different parties in a distributed (decentralized) network. Blockchain technology allows people to create, buy, sell, own, and transfer digital assets in a secure, fully transparent manner – you can see how this is facilitating the meteoric growth of the metaverse. The blockchain market is also exploding and is expected to reach \$67 billion by 2026.

BLOK

How Can Investors Participate in this Rapidly Developing Market?

The global metaverse market is expected to grow exponentially over the next several years, fueled in part by the ability of content owners to securely conduct digital business using blockchain technology. One option for investors to participate in blockchain is the [Amplify Transformational Data Sharing ETF \(BLOK\)](#), an actively managed ETF comprised of companies involved in blockchain technology.

For more information, please visit bloketf.com.

Carefully consider the Fund's investment objectives, risk factors, charges and expenses before investing. This and additional information can be found in the Fund's statutory and summary prospectus, which may be obtained by calling 855-267-3837 or by visiting AmplifyETFs.com. Read the prospectus carefully before investing.

Investing involves risk, including the possible loss of principal. 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. The Fund is subject to management risk because it is actively managed. Narrowly focused investments typically exhibit higher volatility. A portfolio concentrated in a single industry, such as companies actively engaged in blockchain technology, makes it vulnerable to factors affecting

the companies. The Fund may face more risks than if it were diversified broadly over numerous industries or sectors. Blockchain technology may never develop optimized transactional processes that lead to realized economic returns for any company in which the Fund invests.

The Fund will invest at least 80% of the Fund's net assets in equity securities of companies actively involved in the development and utilization of blockchain technologies. Such investments may be subject to the following risks: the technology is new and many of its uses may be untested; theft, loss or destruction; competing platforms and technologies; cybersecurity incidents; developmental risk; lack of liquid markets; possible manipulation of blockchain based assets; lack of regulation; third party product defects or vulnerabilities; reliance on the Internet; and line of business risk. The investable universe may include companies that partner with or invest in other companies that are engaged in

transformational data sharing or companies that participate in blockchain industry consortiums. The Fund will invest in the securities of foreign companies. Securities issued by foreign companies present risks beyond those of securities of U.S. issuers.

Amplify Investments LLC is the Investment Adviser to the Fund, and Toroso Investments, LLC serves as the Investment Sub- Adviser. Amplify ETFs are distributed by Foreside Fund Services, LLC.



Questions?

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