

# How Will Blockchain Fuel the Growth of Metaverse?

Global growth predictions for what some industry visionaries have called the 3D internet are so off the charts (ex. \$50 billion to \$800 billion in two years<sup>1</sup>) they don't seem real. But don't tell that to Microsoft, Google, Meta (formerly Facebook), Qualcomm, or the long list of other companies committing huge sums to obtain an early advantage in this market. Given the stratospheric growth forecasts and the early strategic deployment of "smart money" into the space, how can investors participate? One option is blockchain-related companies – this technology is the foundation that makes the metaverse possible.

## Why the Metaverse Cannot Exist without Blockchain

In our real world, everyone protects what they own and want to keep. For example, there are fences around properties; we often keep valuables in safe places and lock our doors and windows. For more unpredictable perils, we buy insurance. None of these safeguards existed in the early days of the internet – it was the digital wild, wild west where we ventured at our own risk. Over time, different strategies were developed to ward off cyber thieves, but blockchain completely changed the game – it can be defined as an encrypted digital database shared by different parties within a distributed (decentralized) network. More importantly, blockchain technology allows people to create, buy, sell, own, and transfer digital assets in a secure, fully transparent manner.

## How Will Blockchain Fuel the Growth of the Metaverse?

Late in the last century, there was a period called Internet 1.0 – visitors could travel the "information superhighway" as long as they connected through a proprietary, centralized company platform like Yahoo or AOL. Now (Internet 2.0), we can connect anywhere (often for free) and enjoy the use of thousands of programs and apps. The companies currently running the show (like Instagram, Meta, and TikTok) trade platform access for the unrestricted use of your data and content – we are all monetized daily. Internet 3.0 is now in its infancy but is rapidly growing and will consist of decentralized, blockchain-enabled programs and apps that support visitor-owned assets, content, and data. This is entirely different from today's internet, where users (believe it or not) don't own anything.

## Secure and Swift Transactions

Think about how a house is sold – it takes weeks, requires a stack of detailed documents, and costs many thousands of dollars. Now consider how all of us are conditioned to internet time. Studies confirm that the highest conversion rates occur in websites that load in two seconds or less. For every second more, conversions rates drop as customers bail. Clearly, waiting weeks or months to conduct transactions would be a massive step backward. However, you can buy and own a virtual house in the metaverse with a click, and your record of ownership is public and unassailable with no transaction cost. By the end of this year, having a metaverse strategy is predicted to become a must for corporations, further driving the use of blockchain. This market (like the metaverse) is also exploding and is expected to reach \$228 billion by 2028.<sup>2</sup>

<sup>1</sup> Bloomberg.com: Metaverse's \$80 billion ETF assets by 2024 virtually a reality, February 2022 <sup>2</sup> The Insights Partners: Blockchain Market Size Worth \$227.99Bn, Globally, by 2028 at 72.9% CAGR, February 2022

## Health and Safety Improvements

With the metaverse, no one will ever need to sit in a classroom for a training lecture again. Strap on a pair of virtual reality (VR) glasses and experience true learning by performing the task. Best of all, in this safe, virtual environment, nothing gets destroyed, and no one gets hurt or killed if the trainee makes a mistake. For example, according to two studies conducted by Osso VR of nearly 30,000 VR training sessions, surgeons had increased their effectiveness by more than 230% to 306% in overall surgical performance compared to traditional training.<sup>3</sup> Similar results are likely for operators of specialized machinery, manufacturing assembly lines, and complicated maintenance routines. Professions such as automobile design have already adopted the use of VR (and augmented reality) in the metaverse, with participating companies increasing efficiency and lowering costs.

## The Future of Meetings

The pandemic pivot to using Zoom is just the beginning. Companies are already holding meetings, training seminars, troubleshooting sessions, and global collaborations in the metaverse. And best of all, you can still wear sweatpants in the real world (just be sure your avatar is business casual). As a company COO, if it were possible to get the Marketing, Sales, and Engineering divisions in the same “room” on an hour’s notice to hash out some product features, wouldn’t you jump at the opportunity? And in this new world of dramatically higher energy prices, the calculation behind daily commutes, business travel, and even vacations change dramatically.

# BLOK

## How Can Investors Participate in this Rapidly Developing Market?

The truth is, just like in the early 2000s, no one can predict just how embedded the metaverse will become in our daily lives. But for a glimpse of the future, take a look at how the internet has grown to become indispensable to nearly everything we do and touch. Experts predict the same (and more) for the metaverse. Investors can participate in the growth of the blockchain market through the Amplify Transformation Data Sharing ETF (BLOK), an actively managed ETF comprised of companies involved in blockchain technology.

For more information, please visit [bloketf.com](https://bloketf.com).

<sup>3</sup> Fierce Healthcare, Osso VR Takes in \$27M to train surgeons using simulation, July 2021

**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](https://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?

Online: [amplifyetfs.com](https://amplifyetfs.com)

Phone: 855-267-3837

Email: [info@amplifyetfs.com](mailto:info@amplifyetfs.com)

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