



Smart Metaverse ETI

A full spectrum product for the
Metaverse Investment Theme

A strategy that encompasses our core investment pillars

Asymmetric high growth potential

Diversification

Uncorrelated returns

Harnessing the power of Web 3.0 combining blockchain technology with the Metaverse



Experiential

Dematerialisation of physical space, distance and objects. Social networking, gaming, shopping, media and curating metaverse experiences.



Creator Economy

Technology advancements providing artists, creators and designers with tools to build in the Metaverse without the necessity of knowledge in coding.



Artificial Intelligence

Spatial computing to dissolve the layer between physical and virtual worlds. 3D engines, mapping and interpretation, voice and gesture recognition, data integration and next generation user interfaces.



Decentralisation

Taking the gaming evolution by storm in play-to-earn games bridging the virtual economy with the physical economy while democratising economic accessibility.



Human Interface & Infrastructure

Opportunities that focus on hardware and technologies that connect the human body and mind to the metaverse through devices, connectivity, cloud and semi-conductors.



Embrace the Metaverse with a Portfolio Allocation

Growth Potential

- What is the Metaverse Growth Potential?
10x growth in 5 years for Metaverse projects.
- How do we calculate this?
In **2020 - \$275bn revenue generated by the Metaverse** a.k.a global gaming industry (70% made up of software and services revenue as well as in-game advertising revenue).
- According to Bloomberg, this will grow to:
\$800bn potential by 2026 in generated revenues by Metaverse-related activity = 50% gaming software & Services + 50% Live entertainment (Concerts / Film Showings / Live Sports)
- Based on a conservative multiple of 1x Revenue
The Average **Price-to-Sales** on the Nasdaq is **4.5x** while the lowest trades at **1.1x**
- We calculate a forecast market valuation of:
Market cap of \$800bn by 2026 for Metaverse products and services
- We expect crypto to make up a significant portion of this market growth:
30% of the Metaverse made up by **Crypto & Blockchain sector**
- Therefore, we forecast a market value of:
\$240bn - a 10x growth factor for Crypto Metaverse projects from current \$23bn.

Source: Bloomberg Intelligence (Senior Research Analysts: Matthew Kanterman & Nathan Naidu), SwissOne Capital AG

Key Trends

\$800bn

estimated market size of the metaverse by 2024

60%

of Gen Zers would like to explore virtual worlds created by their favourite brands

\$25bn

in NFT sales were generated worldwide in 2021

32.8m

estimated shipments of AR and VR devices by 2024

27.7m

unique players participated in Fortnite and Travis Scott's virtual in-game concert in 2020

30%

of global organisations will have products and services in the metaverse by 2026

About the Metaverse / Insights

Let's take a step back - What is the metaverse?

The Metaverse is defined as: a virtual-reality space in which users can interact with a computer-generated environment and other users. In the broadest terms, the metaverse is understood as a graphically rich virtual space, with some degree of reality, where people can work, play, shop, socialize.

The metaverse is the ever-evolving convergence between the physical and digital worlds which comes closer to realisation when a physical element is replaced with its digital equivalent coupled with new technologies; it is the great physical-digital convergence.

Why is the Metaverse so attractive?

Democratisation – there are many elements of the physical world that are not afforded to all beings often limited by country borders. The Metaverse brings these elements closer to users from all corners of the globe. Using an immersive three-dimensional layer to the web, gives access to multi-dimensional extended social interactions digitally.

Accessibility – the Metaverse provides all users with direct access to a multi-verse of products, services and experiences from the comfort of the home.

Immersive – Latest technologies in Augmented (AR) and Virtual (VR) reality provides life-like creations and adventure with the ability to transact and exchange knowledge, art, value and experiences across multiple worlds.

These attractive elements are driving demand in the movement from Web 2.0 towards Web 3.0. Already the lines have become blurred given the rapid pace of expansion and adoption that the crypto and blockchain ecosystems have provided multiple industries. Below is a table that lays out from where the current Web 2.0 and Web 3.0 are converging.

The convergence of the digital and physical worlds is happening at scale and both stand to gain significant value from each other's distinct characteristics. The ability to test products and services virtually before bringing them into physical reality will be critical to success while minimising investment and vice-versa.

The convergence of Web 2.0 and Web 3.0

WEB 2.0

WEB 3.0

Decision Making	Centrally owned. Decisions based on creating shareholder value	Community governed (DAO) using native token. Consensus from all stakeholders
Data / Asset Ownership	Centralised	Decentralised
Value Transfer	Traditional payments (credit/debit card) In-platform virtual currency / credits (eg Robux)	Digital / cryptographics wallets Fungible / non-fungible global cryptocurrencies
User Experience	Socialisation applications. Competitive / multiplayer games. Game streaming.	Play-to-earn. Experience gamification. Live events and NFT creations.
Value Distribution	Skewed sharing of revenue streams in favour of app stores versus creators.	Democratised distribution of value across the creativity chain. Users / gamers earn through play or participation. Royalties earned on secondary trades of NFT's going back to creators.

PAST & PRESENT

FUTURE

Online Game Makers	Roblox	Epic Games	Activision Blizzard	Electronic Arts	Tencent	Sandbox	Magic	Illuvium	Vulcan Forged	Star Atlas
Design Software Vendors	Unity	Adobe	Autodesk	Ansys	Fastly	Unity	Render	Matterport	Gala	Animoca
Social Networking	Twitter	Meta	Tencent	Instagram	TikTok	Decentraland	Theta	STEPN	Audius	Travala
Hardware	Lenovo	HP	Acer	Razer	Nvidia	Garmin	Apple	Protolabs	Oculus	Helium
Live Entertainment	Live Nation	Theme Parks	Sports Teams	Ticketing	Streaming	Yield Guild	Chiliz	Merit Circle	Animoca	Fan Tokens

Asymmetry is at the Core

The term "metaverse" was coined 30 years ago. Until recently, it has been part science fiction and part speculation. Thirty years after the first mention of the metaverse, the concept of a virtual world available to everyone has become a reality by combining several technologies, such as AI, blockchain, VR, and AR.

Experiments in the metaverse have multiplied since this "buzzword" was popularized in 2021. In the Property, Fashion, Art and Luxury industries, several global brands have invested in the metaverse launching marketing operations worldwide. These operations remain technically complex, and their implementation requires elaborate marketing plans, especially collaborations between brands operating within the Metaverse ecosystem. The more obvious winners and growth potential lies in the thriving global gaming industry where we also see the convergence of sport in both directions between physical and virtual worlds.

The metaverse is in the **early stages of adoption** but the future growth prospects are phenomenal with endless possibilities.

These prospects make this **asset class difficult to ignore**. The asymmetry in the investment risk/reward payoff profile is highly attractive to any balanced portfolio. **A call option without an expiry.**

A relatively small allocation to this asset class can have **significant uncorrelated impacts** on one's overall portfolio growth in the medium to long term.

SwissOne Capital has built a strategy to encompass this growth across multiple sectors within the metaverse ecosystem; including: play-to-earn, gaming, music, live events, hardware, software development, creators/artists, e-sports, virtual property and more; spread across both Listed Equities and Crypto Assets. Applying smart parameters, in-depth research while leveraging our relationships and experience built up as veterans in the crypto investment community SwissOne provides an edge to investors' Metaverse exposure.

How the Metaverse has evolved

May 4, 2007

Runescape reaches 1 million members

October 7, 2010

World of Warcraft reaches 12 million subscribers

August 25, 2014

Amazon acquires Twitch for \$970 million

December 27, 2018

Fortnite nets Epic Games \$3 billion in profit for the year

March 11, 2021

Roblox (RBLX) tops \$39 billion in market cap in its IPO

December 4, 2021

Virtual land adjacent to Snoop Dogg's Sandbox estate sells for \$450 000 in ETH

June 23, 2003

Second Life is released

December 11, 2008

Playstation Home is released on Playstation 3

August 31, 2013

Riot sells out League of Legends finals at Staples Center

September 15, 2014

Microsoft acquires Minecraft for \$2.5 billion

February 20, 2020

Decentraland is released

October 28, 2021

Facebook changes company name to Meta

January 18, 2022

Microsoft announces plans to acquire Activision Blizzard for \$68.7 billion

Swissone Capital approach

Investment Strategy

The SwissOne Smart Metaverse strategy encompasses a broad exposure to projects and assets building within the Metaverse ecosystem utilising Crypto Assets as well as traditionally listed companies building across the full spectrum of products and support services to generate uncorrelated investment growth. Crypto Assets generate value through a network effect, utilisation, utility, income distribution, supply/demand characteristics, NFT sales and a multitude of other value driving activities. Traditional listed assets derive value through providing products and support services to the development and transition of the established Web 2.0 companies moving towards Web 3.0 offerings.

The strategy will provide a broad exposure to this emerging asset class while focusing on projects with a clear route to stakeholder value creation and revenue producing activities. The strategy encompasses smart investment parameters and policies to ensure unsystematic and concentration risks within the portfolio are minimised. Furthermore, strict liquidity and exchange rules are applied to reduce external risk factors.

Investment Universe:

- 1. Exchange Traded Crypto Assets:** The majority of the investment universe for this Metaverse Fund will consist of Crypto Assets
- 2. Listed Equities:** The balance will be made up of Traditional Listed Single Stock Equities providing products and support services within the Metaverse ecosystem.
- 3. ICO:** From time-to-time, the ETI will have the scope to invest in Initial Coin Offerings ("ICO") where the investment committee believe exceptional opportunities exist to earn significant returns for investors. The investment process and due diligence in these cases will be rigorous to ensure all manageable risks are minimised. The ETI can invest
 - a. a maximum of 15% of the ETI as initial investment capital into these opportunities
 - b. no single asset > 2% of the portfolio to a single ICO investment.

Methodology:

A Fundamental analysis investment approach is applied in the asset selection process. The ETI will identify assets that generate value via the growth of products, services, users, networks, revenues and other value generating activities within the Global Metaverse Environment ("GME"). The value of the selected assets will be directly related to overall adoption of Metaverse technologies.

Fundamental analysis consists of a framework of bottom-up analytical techniques where information is available including but not limited to: Adoption metrics, Social Media awareness, Usage statistics, Management / Team scorecards, Tokenomics (i.e. how capital is distributed within the network and various stakeholders are rewarded), Total Value locked, Forecast Revenue and Income streams, Gaming Incentives, Relative valuations, Model Valuation Frameworks.

Once a universe of potential asset investments is established, a top-down approach is applied for asset weightings. This is implemented via quantitative risks such as market capitalisation sizes, liquidity risks, exchange quality (limited to brokers operations) along with other data points coming out of our fundamental analysis.

ETI parameters are then applied to ensure profit taking and ongoing fund management best practices are aligned to long-term goals of allocating more capital to the winners and redistributing profits to new up and coming assets.

Initial Investment Parameters:

Asset Weightings:

Higher portfolio weightings will be applied to assets that have established revenue, users, networks, adoption, products and services. Generally, market capitalisations are a good indicator of adoption and a project's success. Therefore, market capitalisations are used as a proxy for the ETI parameters and investment weightings purely for concentration limits and investment sizing.

Allocation thresholds:

- > \$200m are limited to a 10% threshold portfolio weighting
- < \$200m are limited to a threshold of 5% of the portfolio
- The investment parameter in point 1 may be breached for a period up to 3 months so as to avoid negative impacts associated with liquidity or any other factors affecting the Fund performance.
- A minimum of 15 constituents should make up the portfolio at any given time.

Other:

- "Cash" held by the ETI will include any of the following currencies or assets: EUR, USD, BTC, ETH, USDT or any other stable coin as defined.
- Listed assets must trade on qualifying exchanges listed with our Brokers operations.
- Listed assets must meet liquidity criteria.
- Each ICO investment shall be limited to 2% of the ETI as initial investment capital
- A maximum of 15% overall exposure to ICO's in the ETI.
- Liquidity: 30-day traded volumes of an asset should exceed 10% of AUM.

An experienced & forward thinking team

Executives



Steffen Bassler
CEO



Kenny Hearn
Chief Investment Officer



David Scheuermann
Research & Portfolio
Management Associate



Chris Beamish
Investment Analyst & BDM

Non-executives



Michael Pawlowski
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Cees Jan Quirijns
Board Member
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Olaf Ransome
Blockchain Advisor



Jouni Keranen
Metaverse Advisor



Nils Tharandt Ortiz
Blockchain Advisor



Gareb Shamus
Superhero Expert

Serial growth entrepreneur having founded a dozen companies across various continents including Asia and the sub-continent, Europe and North America. Co-Founder, Advisor and Angel investor in several metaverse and web3 gaming projects. Past experience include Head of Asia for the largest metaverse ever created with 300+ million users as well as a founder in metaverse builder, mobile gaming, esports and cross-media entertainment companies.

Gareb Shamus is a visionary in the Superhero world, starting Comic Con and Wizard magazine, reaching billions of people and helped define geek and nerd culture. Gareb started HeroMaker Studios, a tech-first entertainment company utilizing NFTs and web3 storytelling, games, and interactive media to build massive global communities and franchises.



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