



Investment Rationale

- We are getting increasingly close to the Metaverse, a 3D virtual world in which people will direct avatars to play video games, socialize, share experiences, shop, work and learn. The Metaverse is the next iteration of the Internet.
- If Tech giants have serious Metaverse ambitions, gaming companies have taken the lead thanks to their proficiency in building 3D worlds and early versions of the Metaverse include popular games such as Fortnite and Roblox.
- The Metaverse is expected to power a massive virtual goods economy (avatars, outfits, lands, buildings...) and new business models as the blockchain enables ownership and transfer of property of digital assets.

Certificate Details

NAV	45.1
ISIN	XS2168927809
Currency	USD
Type	Active Equity
Issuer / Rating	Kepler - JPM / S&P A+
Inception Date	16.11.2021
Number of Holdings	36
Liquidity	Daily
Management fees	1.6% (incl. 0.25% JPM)
Performance fees	15% (HWM)

Investment Universe



October Report

- The Metaverse certificate gained 1.2% in October and underperformed the MSCI World by 6%.
- October was clearly a mixed bag with, on one hand, social media companies Meta and Snap reporting poor earnings due to macro-related digital advertising weakness and, on the other hand, encouraging data on the number of users on major digital platforms.
- Notably, Roblox data for September showed a continued recovery in DAU (+23% to 57.8 million users) and bookings (+11-15%) while PC gaming platform Steam recorded for the first time more than 30 million users. It's worth noting that the health of gaming/Metaverse platforms contrasts with the poor user numbers Meta has had in its Horizon Worlds (less than 200K monthly users reportedly, below a 500K target), confirming our view that Meta apps are a far cry from the expected Metaverse capabilities and that gaming companies have taken a massive lead.
- There was also a lot of talk about user-generated content (UGC), which is expected to be one of the core building blocks of the Metaverse, as Electronic Arts announced that its life simulation franchise The Sims becomes compatible with UGC. User content will provide a steady stream of fresh, engaging content in virtual worlds (just like on social media apps today), remove part of the massive development burden on developers and ensure that users are truly invested in these worlds and rewarded for their work.



Performance



	2021	2022	2023
Jan		-19.1%	
Feb		-3.7%	
Mar		-2.1%	
Apr		-16.9%	
May		-2.5%	
Jun		-12.4%	
Jul		10.8%	
Aug		-3.2%	
Sep		-13.4%	
Oct		1.2%	
Nov	-4.7%		
Dec	-8.2%		
Annual	-12.5%	-48.4%	

Top Contributors

Super Micro (SMCI US)
Roblox (RBLX US)
Juniper Networks (JNPR US)

Worst Contributors

Meta (META US)
NetEase (NTES US)
Tencent (TCEHY US)

Risk

Beta vs. MSCI AC World	1.6
Correlation vs. MSCI AC World	0.9
Realized Volatility (Annualized)	35%
Cash Allocation	8.6%

Portfolio Structure

Top Holdings

Arista Networks (ANET US)
Super Micro (SMCI US)
Juniper Networks (JNPR US)

Top 5 Currencies

USD 88%
JPY 7%
EUR 4%
KRW 1%

Market Cap Breakdown [USD]

Mega (> 200bn)	4%
Large (10bn to 200bn)	66%
Medium (2bn to 10bn)	27%
Small (300mln to 2bn)	3%
Micro (50mln to 300mln)	0%

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