

INVESTORS EDGE

How to get a piece of the metaverse

Meta and Microsoft should be in investors' portfolios.

"I believe the metaverse is the next chapter for the internet." — Mark Zuckerberg



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As most of you know, Facebook, the ubiquitous social media platform, changed its company name to Meta. At first glance, this seems like a strange and unappealing corporate name. But, in fact, it represents a symbol of a coming technological revolution.

Back on June 5, 2016, I recommended Facebook stock. At the end of the column, I said "... if you are spending so much time on this, do you own Facebook stock? You would be wise to do so."

Since that day, Facebook is up over 180%, almost twice the Dow Jones Industrial Average.

Obviously, the company's name change is partly because of unflattering reports concerning questionable business practices. Facebook needed a new look, a new brand. But, the name change to Meta actually reflects the company's confidence in a massive market opportunity: the metaverse.

The metaverse is simply a term, a phrase, which represents a future combining multiple technology elements; in particular, virtual reality and artificial intelligence. Put another way, it is a universe of interconnected virtual communities where people can meet, work, and play using VR headsets, augmented reality glasses, or even smartphones.

So, someday very soon, I will be able to put on a VR headset and literally attend my concerts, plays, or even Buffalo Bills/New England Patriot football games all from the comfort of my own home.

As an aside, my son Matthew was recently introduced to Facebook's Oculus II, a virtual reality headset, and he raved about it. No big guess as to what he would like for Christmas.

According to Morgan Stanley, the metaverse's potential is massive, with an \$8 trillion addressable market. Below are my best recommendations for how you can invest in the metaverse, a future that, without a doubt, is already here.

MICROSOFT (SYMBOL: MSFT)

First of all, Microsoft is an outstanding growth company that you should already own in your portfolio. Regardless of their future in the metaverse, the company has been firing on all cylinders in its core businesses of software, hardware, and services.

In relation to the metaverse, Microsoft is going to be a big-league player focusing on transforming the workplace through its new project: "Microsoft Mesh."

Mesh builds on Microsoft's already dominant position in workplace solutions by creating a mixed reality interface that allows people to have collaborative workplace experiences. This soon could be a whole new way for businesses to conduct meetings, negotiate contracts, and for employees to work together on projects — all from anywhere in the world.

Microsoft plans to use this technology

for video games. Owning the best-selling video game of all time, Minecraft, Microsoft plans to bring the metaverse to the game's 140 million monthly active universe as it rolls out player's ability go inside the game itself and have a video game experience like never before. Long-term, Microsoft plans to use the metaverse to make video games more life-like, more engaging, and for Microsoft, more profitable.

META (SYMBOL: FB)

Meta is going to literally change your social life.

They are creating virtual experiences where users can attend concerts, host parties, travel to distant cities, exchange goods, and much more. Imagine enjoying a courtside seat at a Final Four NCAA game or walking into your favorite designer clothing store, trying on an outfit, and then having a physical copy shipped to your house.

In sum, Meta is attempting to build a metaverse that will be immersive, entertaining, and change the way we work, live, and play.

If you don't already own Microsoft or Meta, buy them. They should be a portfolio priority. In fact, unless these companies represent more than 10% of your portfolio, you can even buy more!

If you already own them, here are a few other names that will prosper through the metaverse and which I likely will address in future columns: Nvidia, Roblox, and Unity Software.

In my experience as a money manager, it is usually the top one or two companies in any particular industry that garner 80% of the profits.

For Microsoft and Meta, the long-term prospects in the metaverse will probably be out of this world.

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