



## Forget Meta Platforms (NASDAQ:FB): Bet on the Metaverse Directly

### Description

Tech giant Facebook, or **Meta Platforms** (NASDAQ:FB), lost 25% of its market value yesterday. In terms of dollars, it's the single largest capital destruction in stock market history. Facebook's performance seems to be impeded by organic factors. However, its long-term bet on the metaverse seems justified.

Here's why investors should look for other ways to bet on the metaverse theme.

### Facebook's challenges

Facebook stock dropped, as investors realized that the core engine of its growth is now faltering. For the first time ever, Facebook *lost* daily active users on its flagship platforms. This could indicate that user growth has finally hit a plateau.

In the past, Facebook could have avoided this by simply acquiring a rapidly growing startup. That's how Whatsapp and Instagram boosted its growth. But now the tech giant is too big to avoid antitrust scrutiny for any sizable transaction.

Mark Zuckerberg wants to resolve this by betting on the next wave of innovation: [the metaverse](#). The company has invested US\$10 billion (CA\$12.8 billion) in this venture and even renamed itself! However, it could be years before these bets pay off or move the needle for a company this large. Instead, investors should bet on smaller, emerging challengers who have more room to grow.

### Betting on the metaverse

For growth investors, **Evolve Metaverse ETF** ([TSX:MESH](#)) seems like a better alternative. Launched in late 2021, this exchange-traded fund manages a diverse portfolio of tech stocks that are key players in the metaverse. This includes tech giants like **Tencent** (which owns Epic Games), chipmakers like **QUALCOMM**, and a wide range of smaller challengers, such as **Roblox**.

72% of the fund's assets are based in the United States, but there's also exposure to key players in Japan, Taiwan, and China. In other words, if there's any likely winner of this race to create the metaverse, it's probably in this portfolio.

Notably, Evolve doesn't hold Facebook in its portfolio. That means this fund isn't exposed to the regulatory hurdles and public relations issues that Zuckerberg's company faces.

The ETF's net asset value is \$8.13 at the time of writing, but the stock's market price is \$8.26 — a small premium. The stock is down 18.7% since it was listed, which means it's beaten down. That could be an opportunity for growth investors trying to make a contrarian bet on the metaverse theme while it's out of favour.

## Bottom line

Facebook had a terrible day right after it reported earnings. But the stock dropped primarily because Facebook's core social platforms are underperforming, and there's growing competition. The metaverse theme is still an intriguing opportunity for long-term growth investors.

I believe a bet on Facebook's rivals and smaller tech companies in this sector could be a better opportunity. The Evolve Metaverse ETF is a convenient alternative to consider.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NASDAQ:META (Meta Platforms Inc.)
2. TSX:MESH (Evolve Metaverse ETF)

### PARTNER-FEEDS

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2. Koyfin
3. Msn
4. Newscred
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