PLAY - Metaverse NFT Index

PLAY was established with the clear goal to create the best and broadest Metaverse Index currently on the market, providing full exposure to most sectors defining the Metaverse ecosystem, including blockchain gaming, infrastructure and entertainment projects.

The metaverse is a virtual space created by the convergence of physical reality, augmented reality and the internet. While no one knows for sure what the metaverse will look like, its basic characteristics are established – it spans physical and virtual worlds, is centered around a functioning economy, and allows users to experience its different places with relative ease: The virtual world of the metaverse could become its own trillion-dollar industry, being built using blockchains and decentralized applications.

Blockchain gaming and metaverses, in particular, are an ambitious category of the web3 ecosystem in general. The combination of virtual reality and web3, where ownership inside the virtual world is retained by users is a match made in heaven.

PLAY provides exposure to the most in demand sectors defining the Metaverse. It seeks to track an index of blockchain gaming, infrastructure and entertainment projects. Web3 backers looking to gain exposure to high liquidity Metaverse assets should consider this token.

PLAY allows investors to:

1) Invest in the paradigm-shifting Metaverse ecosystem powered by blockchain
2) Diversify their portfolios while delegating research and due diligence to the PieDAO community
3) Mitigate gas costs from managing their positions

Acceptance Criteria for Asset Inclusion

The PieDAO community has established a set of criteria to determine eligibility of a project to a vote for inclusion. When considering projects for potential inclusion, the projects must be focused at large on the Metaverse ecosystem based on Ethereum or other blockchain technologies. The project inclusion criteria described below seek to achieve a diversified exposure to serious projects, whose tokens have reasonable distribution and liquidity, security, and provide a real value proposition to **PLAY** token holders.

Criteria	KPI	Range	Threshold	Note
Metaverse / NFT / Gaming Project	Project connected to the development of the Metaverse, Gaming or NFT ecosystems on Ethereum	Y / N	Y	Project must be offering and/or developing blockchain solutions connected to either the Metaverse, Blockchain Gaming or NFT clusters.
ERC20 Token	Token Issued and aligned to standard	Y / N	Y	PieVaults include standard ERC20 tokens, thus projects need to have one such token to be investable. For projects represented through an NFTX floor fund, an equivalent ERC20 should exist.
Fractionability	Asset is fractionable	Y / N	Y	In order to align with the Pie minting functionality of the *PieDAO recipes*, it should be possible to purchase fractions of each token pro-rata to their resulting allocation and overall size of minting.

				Minimum 2 decimals required.
Liquidity	Sufficient DEX Liquidity exists	Y / N	Y	Low liquidity tokens are inefficient to include. Token should have liquidity on DEX > $ 0.5M Token liquidity on DEX measured as the average between current liquidity and its liquidity 15days ago.
History	Token has been around for a min of 60 days	Y / N	Y	Tokens should demonster an established history of trading, over at least the past 60 days
Audited Contracts	Audit Passed	Y / N	Y	An audit should have been conducted with no critical vulnerabilities un-addressed, to mitigate the contract risk

The inclusion of assets respecting the above criteria / removal of existing assets no longer respecting the above criteria could be requested by any community members. The respect/conflict of the criteria will be confirmed by the core team, to be eventually validated through an ad-hoc snapshot vote.

Asset Allocation

The composition for PLAY aims to include the most relevant projects in the segment, including metaverses and infrastructures which make this new generation of game & NFT possible.

PLAY is an emerging-market tokenized portfolio, defined by ongoing community inputs aiming at ensuring a continuous stream of candidates for inclusion and overall sentiment on the Metaverse, NFT and Gaming ecosystems, with the common ultimate goal of maximizing the alpha generated by the pie.

The allocation methodology considered for initial reference is the Correlated Risk-Adjusted Market Cap, same as per other PieDAO products, improved by weighting in for each underlying asset the 30 & 15 Day Average Circulating Market Cap, and its 15 Day Average Liquidity on L1 DEXes.

The resulting % allocation is further adjusted through the following criteria:

- ☐ **Minimum allocation of 2% for each underlying asset**. Introduced to ensure minimum slippage when minting at scale
- ☐ **Max allocation of 30% for single large cap holding**, to limit the predominance of a single large cap holding
- ☐ **Max cumulative allocation of 60% for the top 3 large cap** holdings, to eventually prevent the excessive skewness of the Pie toward large caps tokens
- ☐ **Max allocation per underlying asset is capped to limit the slippage** occurring when buying the assets on L1 DEXes
- ☐ Weighting in the **momentum of the asset Market Cap over the past 30 days,** defined as the ratio between the 15days and the 30days average Market Caps.

Pie Rebalancing Policy

The rebalancing criteria adopted for **PLAY** is ruled-based, taking in consideration both a subset of objective conditions playing as **triggers for rebalancing**, and a broader community consensus, which would decide on the **rebalancing urgency** based on some reference guidelines (below), as a conscious effort to optimize the overall rebalancing cost by preventing unnecessary rebalancings.

<u>Triggers for rebalancing</u> (either one of the 2 below triggers a rebalancing):

1) **Max allocation of largest holding > 50% for 7 consecutive days**

2) **Max cumulative allocation of top 3 holdings > 80% for 7 consecutive days**

<u>Rebalancing Urgency</u> (criteria below define the rebalancing urgency)

1) To avoid obsolescence, **a minimum of 1 rebalancing every 6 months** should take place
2) A **maximum of 1 rebalancing per calendar month** should be deemed as acceptable
3) The sole inclusion of **new underlying assets won't trigger** per se a rebalancing, whose inclusion will be considered during the first available rebalancing.

Rebalancing Procedure

Based on the existence of either one of the 2 **Triggers for rebalancing** and the respect of all guidelines defining the **Rebalancing Urgency**, any community member could call for a rebalancing of the **PLAY** pie.

The new allocation considered for rebalancing **shall also include the addition/removal of any assets** previously voted on by the community.