

Asset

Bored Ape Yacht Club

Category

Profile Picture (PFP)

Collection Quantity

10,000

Floor Market Capitalization

750,000 ETH (US\$1.2 billion)

Floor Price

75 ETH (US\$120,000)

10-year Target Price

550 ETH (US\$880,000)

Forecast Return

633%

Risk Rating

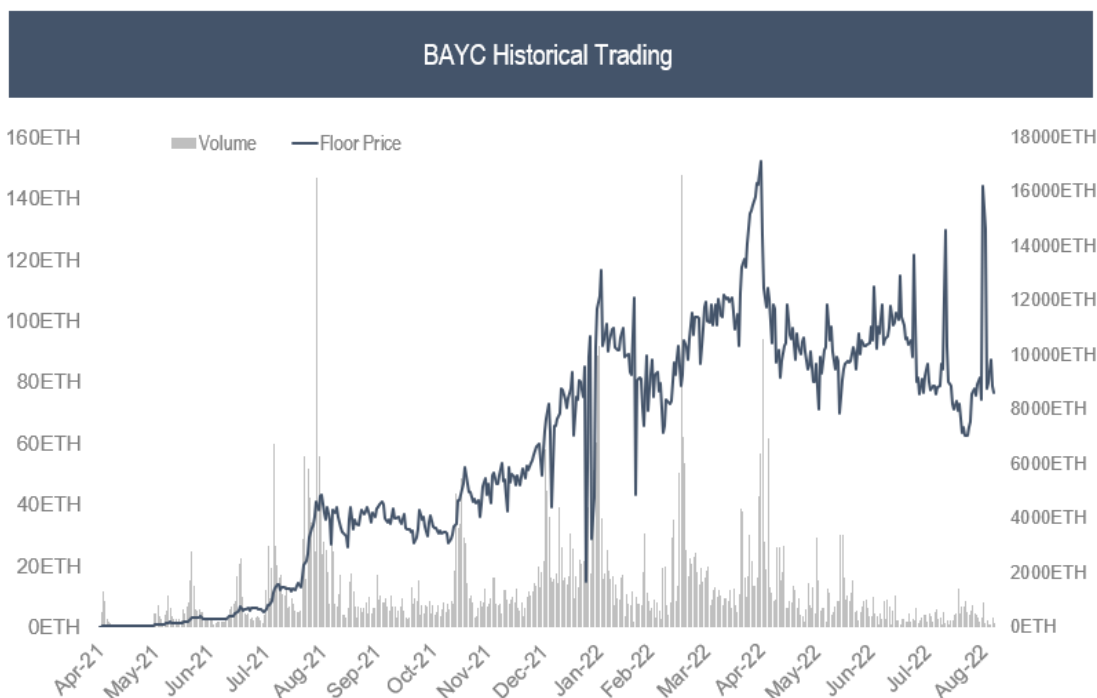
Highly Speculative

Executive Summary

The Bored Ape Yacht Club ("BAYC") collection is perhaps the most sought-after blue-chip NFT in all of Web3. Given BAYC's unprecedented success and historical performance, including a since-inception return of more than 100,000%, it is no wonder that dozens of celebrities, athletes, entertainers, and influencers have chosen an iconic Bored Ape as their digital identity. BAYC represents one of the top PFP collections and presents holders with significant long-term potential upside.



BAYC #7091



Franchise Overview

Created by Yuga Labs ("Yuga"), the Bored Ape Yacht Club ("BAYC") collection is the most influential, iconic, and highest valued NFT project. The original collection of 10,000 ape NFTs has become a cultural phenomenon and created multi-billions of dollars in value since inception in April 2021.

The Bored Ape Yacht Club ecosystem NFTs are categorized as profile picture (PFP) utility NFTs. Each digital image, generated from a unique combination of 170 possible traits, serves as a digital identity. Owning the NFT doubles as a "Yacht Club" membership. The membership grants the owner access to various exclusive benefits, including airdrops, games, and merchandise. Since the original BAYC collection, two additional NFT collections have been added to the franchise; the Mutant Ape Yacht Club ("MAYC") and Bored Ape Kennel Club ("BAKC") collections. The release of these NFT collections completed Yuga's Roadmap 1.0.

Yuga's Roadmap 2.0 centers on two primary initiatives: the Otherside metaverse and ApeCoin cryptocurrency. The Otherside is Yuga's metaverse project, an open metaverse mega role-playing game (RPG) which contains virtual plots of lands with artifacts, natural resources, and other rare characters such as Kodas. Players will utilize their NFTs as their identities in the game. As a first step of the project, 100,000 plots of land were issued as NFTs titled 'Otherdeeds', representing ownership of virtual metaverse land throughout the game. Other details surrounding the Otherside have yet to be revealed. ApeCoin is an ERC-20 governance and utility token. It serves as a "token for culture, gaming, and commerce used to empower a decentralized community building at the forefront of web3." It serves as the requirement for membership in the ApeDAO and powers any commercial activity within the Bored Ape Yacht club and Otherside ecosystem.

Yuga Labs' goal is to build an interoperable gaming metaverse, or the "Yugaverse", using the Bored Ape Yacht Club NFT ecosystem as the centerpiece.

Disclosure

The Accelerate NFT Fund LP currently owns BAYC #7091 and may purchase additional Yuga Labs assets in the future.

Origin and Team

The BAYC concept originated from Greg Solano (Gargamel) and Wylie Aronow (Gordon Goner). After deciding they wanted to create an NFT, the two colleagues came up with the story of a group of rich apes living in a swamp clubhouse. The story is set in 2031 and the apes have all become billionaires from investing in the early days of cryptocurrency. They are now bored and unsure of what to do with all their wealth.

After developing the story, Gargamel and Gordon Goner approached two software engineers, Emperor Tomato Ketchup and No Sass (pseudonyms), to assist with implementing the NFT on the blockchain. The four friends "set out to make some dope apes, test our skills, and try to build something (ridiculous)".¹

After a level of early success, the team has rapidly expanded to continue to deliver on their roadmap. This includes hiring an executive team and other branding consultants, including CEO Nicole Muniz and celebrity talent manager Guy Oseary. Muniz has a background in brand development, working with Fortune 500 companies, while Oseary is famous for managing artists Madonna and U2 and leading major VC investments.

In February, Yuga Labs raised \$450 million pre-seed investment on a \$4 billion valuation from some of the top cryptocurrency venture capital firms, including a16z. The fundraise expanded their board of advisors, including Chris Lyons, general partner at a16z, joined Yuga's board of directors. Chris is an influential member of the Web3 community through his influence at a16z.

¹ <https://boredapeyachtclub.com/#/home>

Despite the level of success, many Yuga Lab's employees prefer to remain anonymous and only be referred to by their pseudonyms. As a result, there is a lack of transparency on the backgrounds of many executives, compared to the visibility in traditional organizations.

Assessment

Yuga Labs has executed its roadmap nearly flawlessly. The founding team has developed a strong brand and delivered concepts on time, all while reflecting the ethos of Web3. However, the founders lack experience operating a large, VC backed company. The founding team has made up for this by hiring an executive team around them to help them grow, including the CEO Nicole Muniz and experienced advisors such as Chris Lyons. Overall, Yuga has demonstrated strong skills in brand development and recruiting talent with experience in this area.

Collection Overview



Date Minted

April 30, 2021

Mint Price

0.08 ETH

Quantity

10,000

Royalty on Secondary Sales

2.5%

Overview

The iconic original collection of 10,000 apes generated little to no buzz upon announcement. The pre-sale took over one week to sell out, at this point the art for the apes was revealed. Once this occurred, the project gained significant popularity. Users all over social media began posting the apes as their profile pictures.

Bored Ape Kennel Club (BAKC)



Date Minted

June 18, 2021

Mint Price

N/A

Quantity

9,602

Royalty on Secondary Sales

0%

Overview

Two months after the BAYC collection was minted, each BAYC owner was given the ability to adopt a "Club Dog" NFT to serve as a companion to the Ape. The minting period was open for one week, with users only needing to pay gas fees to receive their NFT. Of the 10,000 possible dogs claimed, only 9602 were minted. Compared to the 2.5% royalty for BAYC and MAYC, Yuga Labs receives no fee for BAKC trades.

Mutant Ape Yacht Club (MAYC)



Date Minted

August 28, 2021

Mint Price

3 ETH

Quantity

20,000

Royalty on Secondary Sales

2.5%

Overview

The MAYC was minted through two methods: exposing a BAYC to a vial of Mutant Serum or minting a Mutant Ape in a public sale.

For the first method, all BAYC holders were spontaneously airdropped Mutant Serums to all holders. Three vials were airdropped: M1 (7500x), M2 (2487x), and Mega Mutant (M3) (13x). Each BAYC could be exposed to one vial of serum. The vial that was selected would determine the appearance of the MAYC. If M1 or M2 were presented, the resulting MAYC would look like its BAYC counterpart. If the M3 serum was presented, a random one-of-one ape was generated. Each BAYC could only be exposed to one vial, one time. The mechanism was novel for the NFTs. For those individuals who treasured their BAYC, it let them maintain some of their unique traits. However, it also created a method for more rare traits to be captured.

For the public, the MAYC mint occurred via a Dutch Auction mechanism, with the starting price occurring at 3 ETH. However, the auction received tremendous attention and resulting demand. The auction sold the 10,000 NFTs in nearly 10 seconds.

Community

The Bored Ape Yacht Club has the largest community in NFT sector. In addition, a long list of celebrities and prominent NFT influencers has purchased Bored Apes, including Justin Bieber, Steph Curry, Jimmy Fallon, and Mark Cuban. As well, prominent NFT figureheads such as Gary Vee, Pranksy, and Alexis Ohanian have supported the project.

Aside from prominent endorsements, BAYC has planned many community engagements in their roadmaps, including social events, games, treasure hunts, and other collaborative events. The resulting following on social channels has the BAYC Ecosystem attracting a massive number of followers (three times more than the next NFT project, CryptoPunks).

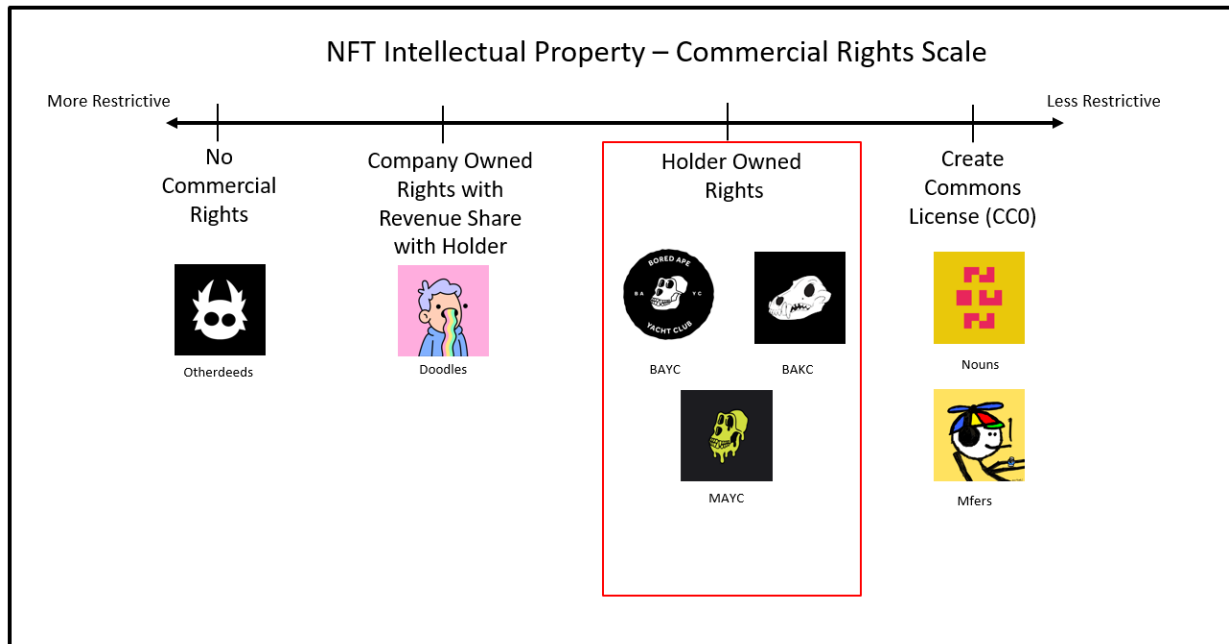
Blue-Chip NFT Project	Followers/Members			
	Twitter	Discord	Instagram	Total
BAYC	925,000	195,000	672,000	1,792,000
CryptoPunks	218,900	63,500	250,000	532,400
Azuki	292,000	133,000	57,500	482,500
Doodles	327,600	63,000	17,200	407,800
Moonbirds*	192,900	18,500	-	211,400

*PROOF token holders only for Discord
May 1, 2021

Project Utility & Roadmap

Intellectual Property

BAYC, MAYC, and BAKC holders possess the full commercial rights to their NFTs. These rights allow users to monetize their NFTs in new and creative ways. There have been numerous examples of this utility, including the creation of including books², movies³, restaurants⁴, and music⁵.



Roadmap 1.0

Roadmap 1.0 was revealed during the pre-sale process with key milestones based on the level of NFTs sold. As the collection was sold out within one week, all milestones were achieved. The team then began to deliver on the promised development, which included raffles, media channels, merch, games, and collection infrastructure. Not included on the roadmap were the Bored Ape Kennel Club airdrop on June 18, 2021, and the Mutant Ape Yacht Club release on August 28, 2021.

² <https://www.jenkinsthevalet.com/>

³ <https://www.coindesk.com/business/2022/04/11/bored-apes-go-hollywood-with-coinbase-produced-movie-trilogy/>

⁴ <https://thedieline.com/blog/2022/3/18/the-worlds-first-bored-ape-yacht-club-branded-restaurant-bored-hungry-announced?>

⁵ <https://www.universalmusic.com/1022pm-buys-bored-ape-5537-and-joins-the-bored-ape-yacht-club-community/>

ROADMAP ACTIVATIONS

We're in this for the long haul.

We've set up some goalposts for ourselves. Once we hit a target sell through percentage, we will begin to work on realizing the stated goal.

- 10% SOLD** We pay back our moms.
- 20% SOLD** We release the Caged Apes. 5 Caged Apes (tokens held back from the sale) are airdropped to random Apeholders.
- 40% SOLD** BAYC gets its own YouTube channel, BAYC LoFi Radio - Beats to Ape into Shitcoins To.
- 60% SOLD** Member-Exclusive BAYC Merch Store gets unlocked, featuring Limited Edition tees, hoodies, and other goodies.
- 80% SOLD** The clubhouse image becomes interactive and the Mysterious Note becomes legible, beginning a treasure hunt. The first to solve the mystery will be rewarded 5 ETH and a Bored Ape.
- 90% SOLD** The Bored Ape liquidity pool is initiated.
- 100% SOLD** The Mutant Ape (NFT Breeding) Arcade Machine gets fixed. And we cook up new ways to ape with our friends.



Roadmap 2.0

Roadmap 2.0 was revealed in September 2021 and included in-real life events, more games, treasure hunts, and hints at the release of ApeCoin and ApeCoin DAO, as well as the Otherside "blockchain" game. Yuga has additional large initiatives planned which are not publicly disclosed.



Yuga Labs Business Overview

Revenue Drivers

Initial NFT Sales

Yuga can profit through the initial sale of each NFT collection. For example, each BAYC was sold for 0.08 ETH to the public.

Secondary Sales

Yuga receives royalties on any secondary sales. BAYC and MAYC contribute 2.5% of the sale price, while the new Otherside NFTs contribute 5%. These royalties act as a high-margin residual revenue stream.

Other

Yuga can profit through additional mechanisms, such as merchandise, events, and other brand deals. There is also speculation that Yuga will release its own NFT exchange for its ecosystem, which has significant profit potential.

Profitability

As a company founded in April 2021, it can be assumed that Yuga still maintains a low-cost structure relative to its revenue. Yuga incurs many of the typical costs of a tech firm, including those for software infrastructure, developers, legal, and other G&A. It would also incur costs unique to Web3 companies, such as artist costs for NFT designs and other expenses for in-person events or community engagements. As of January 2022, Yuga Labs only had 11 full-time employees. As of May 2022, LinkedIn estimates Yuga's employee count to be 40. The count implies a revenue per employee ratio of \$12.5 million, significantly greater than even the most profitable of tech companies.

With a roadmap full of additional revenue creating opportunities, along with a continued high-margin royalty stream from secondary sales, Yuga has the potential to continue to be immensely profitable. Profitability and incentives are critical to Web3 projects to ensure the continued development of the project, which is not a concern at this point for Yuga.

Partnerships

Yuga has partnered with several companies for reasons ranging from brand partnerships to technical expertise, including other Web3 companies such as Superplastic, Decentraland, and Sandbox for smaller brand exposure deals. Yuga has also partnered with large technology companies, including Improbable and Animoca Brands, to support the creation of the Otherside. Improbable M2 technology is of particular importance to the Otherside's ability to scale, as it allows over 10,000 players to interact simultaneously in a single place with full interaction capabilities. Animoca Brands is a global leader in digital entertainment and will leverage significant influence for the strategy and implementation of the Otherside.

Price History and Value Accrual

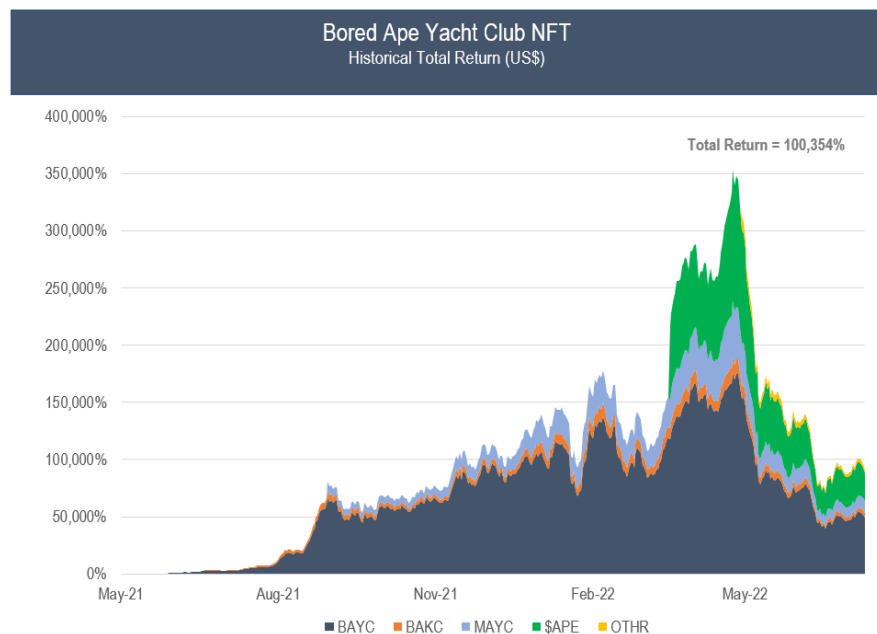
Floor cap Valuation

Date: 09/06/2022

	Floor Price (ETH)	Quantity	Floor Cap (ETH)	Floor Cap (USD)
BAYC	75	10,000	750,000	\$ 1,200,000,000
MAYC	13	19,087	248,131	\$ 397,000,000
BAKC	7	9,602	67,214	\$ 107,000,000
Total Value			1,065,345	\$ 1,704,000,000

BAYC Total Return

Minting a BAYC NFT has represented one of the greatest investments of all time. For example, an owner that held a BAYC from April 2021 would have received a 100,000% return (based on floor prices), compounded by airdrops including a MAYC, BAKC, ApeCoin tokens, and Otherside Land.



Value Drivers

1. Aesthetic, Rarity, and Prominence

Art

BAYC, MAYC, and BAKC all possess artistic value based on the traits of which the NFTs are composed. Some traits, such as gold fur, may be more aesthetically pleasing than others and therefore have higher market value. Many of these NFTs reside in museums of physical and digital variety. The image below shows the trait floor of the rarest four BAYC traits.⁶

⁶ <https://rarity.tools/boredapeyachtclub/traits?trait=Top%20Traits>, May 17, 2022

















Value	Count	Rarity Score	Floor Price	Cheapest	Examples
Fur Solid Gold	46	+127.13	1,199 ETH		  
Fur Trippy	77	+75.95	450 ETH		  
Eyes Blue Beams	49	+98.59	400 ETH		  
Clothes Black Suit	42	+60.13	380 ETH		  

Figure 1 - BAYC Rarity Traits (via <https://rarity.tools/boredapeyachtclub/traits>)

Rarity

There are only 30,000 NFTs capable of allowing entrance to the Bored Ape Yacht Club ecosystem, specifically BAYC and MAYC. As NFTs gain mainstream adoption and more users become familiar with the project, demand is expected to grow. This level of rarity also creates FOMO (Fear of Missing Out), a significant driver of speculative trading activity.

Prominence

BAYC is the current premier NFT collection globally. It will always remain historically significant for having such influence in the nascent days of the NFT industry and the inception of Web3.

2. Income Generating Potential and Utility

Financial returns

PFP NFTs have tremendous upside for price appreciation within the asset itself, but also through the ability to receive airdrops of additional NFTs or other assets. Yuga Labs has a history of rewarding holders with additional value, including airdrops and exclusive claims for new NFTs.

Commercial Rights

With full commercial rights to the NFTs held, owners could monetize NFTs in new and creative ways. Numerous examples of successful monetization exist, including licensing and franchising.

Access

Bored Ape Yacht Club ecosystem members have exclusive benefits to several benefits, including games, events, merchandise, and other roadmap activations.

3. Social Proof, Membership, and Credibility

Identity

BAYC, MAYC, and BAKC all allow holders to take on the digital identity of the NFT, whether on social media or online games.

Social Status

BAYC NFTs are Veblen goods, given that demand increases as the price increases. The dynamic is similar to luxury goods such as cars, yachts, and jewelry. Like those luxury assets, a BAYC NFT can provide status and credibility for the owner.

Community

Owning an NFT provides the owner with a community to belong to. For the BAYC ecosystem, this could allow holders to join an exclusive group with the likes of celebrities such as Snoop Dogg, Shaq, Jimmy Fallon, and others. This sense of exclusivity amongst members is unique to the BAYC ecosystem.

Risks

1 Execution Risk

Otherside development

A goal for Yuga is to have their NFT ecosystem as the main characters in the Otherside. To do so, the game must be compelling and draw in NFT holders to spend time playing. To lure their attention is not only challenging from a marketing perspective but also difficult from a technical perspective, as massive online role-playing games have been limited to only a few thousand players. Therefore, Yuga, and their blockchain game partner Animoca Brands, will have to scale at a much higher rate.

Other roadmap initiatives

The team at Yuga has a stellar track record of delivering on its roadmap. Any significant mistake or error would put a mark in the trust it has built to deliver.

Dilution

Yuga has been able to expand its ecosystem without diluting NFT holders. If not properly executed, future development may result in the dilution and loss of value to holders.

2 Business Model risk

Shareholder appreciation

Yuga's core value is creating value for NFT holders and their community. The significant historical rate of return experienced by BAYC holders is unlikely to continue. Owners who purchase the NFT for pure financial return may choose to sell if the previous level of return is not realized.

User growth

The economic value of the community depends on the ability to grow users at a constant rate. Therefore, any lapse in user growth would surely create a dramatic loss in value.

3 Competitive Risks

Metaverse ecosystem

There are many metaverse projects under development, including Decentraland and Sandbox, which have already demonstrated a preliminary level of success. Most metaverse ecosystems plan to be open-source or have the ability for developers to build on top. Therefore, the potential exists for one, or only a few metaverse projects, to claim the majority of the market share. If another project can deliver a better user experience than the Otherside, it has a risk of losing most of its users.

Profile Picture NFTs

New PFP collections are announced daily. Innovative collections may possess the ability to compete with the BAYC ecosystem and capture market share.

4 Market Risk

Cryptocurrency

The BAYC ecosystem transacts in Ether or ApeCoin, which are both highly volatile. In the event of a price crash, users may panic-sell their NFTs at a loss.

NFTs

NFTs are high risk, speculative crypto assets with substantial volatility. The general NFT market may crash at any moment.

Liquidity

Although some NFTs trade often, NFTs can be illiquid assets. There is no guarantee that an NFT will be marketable in the future.

Investment Scenarios

Upside Case

Yuga continues to deliver excellence on its roadmap while successfully expanding its user base without diluting current holders. The Otherside onboards thousands of players utilizing ApeCoin to power the in-game economy. Yuga Labs continues to grow its brand and community engagement while developing new characters and collections. Yuga's business model is profitable, and it increases its odds as becoming the first trillion-dollar ecosystem in Web3. The view of NFTs as prominent digital art becomes mainstream, and high-profile NFTs such as BAYC become held by institutional investors and distinguished art collectors.

Downside Case

Yuga fails to deliver on its metaverse project which severely diminishes speculated utility for the BAYC, MAYC, and BAKC. The brand and interest in the collections severely diminish. NFT prices crater, and speculators sell off. This pushes down other PFP-Utility collections, which fail to achieve long-term product market fit and most are abandoned, leaving little to no residual value.

Similar Projects⁷

Rank	Name	Display Image	Floor Price (ETH)	Quantity	Floor Cap (ETH)
1	BAYC		75.0	10,000	750,000
2	CryptoPunks		62.0	10,000	620,000
3	MAYC		13.0	19,087	248,131
4	Moonbirds		12.0	10,000	120,000
5	Clone X		6.1	19,277	117,590
6	Azuki		7.6	10,000	76,000
7	Doodles		7.3	10,000	73,000
8	Meebits		3.6	20,000	72,000
9	BAKC		7.0	9,602	67,214
PFP-Utility NFT Projects					

⁷ Price data: September 6, 2022

References and Useful Links

<https://boredapeyachtclub.com/>

<https://www.yuga.com/>

<https://www.buzzfeednews.com/article/katienotopoulos/bored-ape-nft-founder-identity>

<https://inevitable.media/nfts/nicole-muniz-ceo-yuga-labs-discusses-bored-ape-yacht-club-web3/>

<https://www.newyorker.com/culture/infinite-scroll/why-bored-ape-avatars-are-taking-over-twitter>

<https://otherside.xyz/>

Additional Data

Revenue Estimates

Initial Sales

Collection	Date	Mint Price (ETH)	Quantity	Total (ETH)	ETH/USD	Total (USD)
BAYC	30-Apr-21	0.08	10,000	800	\$ 2,773	\$ 2,218,400
MAYC	28-Aug-21	3	10,000	30,000	\$ 3,244	\$ 97,320,000
Otherdeeds	11-May-22	2.25	55,000	123,750	\$ 2,730	\$ 337,837,500
Total				154,550	\$ 3,170	\$ 437,375,900

Secondary Sale

Royalties⁸⁹

Collection	Total Volume	Royalty	Total (ETH)	ETH/USD	Total (USD)
BAYC	587,059	2.50%	14,676	\$ 3,170	\$ 46,524,404
MAYC	400,310	2.50%	10,008	\$ 3,170	\$ 31,724,568
Otherdeeds	272,006	5%	13,600	\$ 3,170	\$ 43,112,951
Total			38,285	\$ 3,170	\$ 121,361,922

Combined Revenue – Initial and Secondary Sale Royalty Only

Initial Sales	\$ 437,375,900
Secondary Royalties	\$ 121,361,922
Total	\$ 558,737,822

⁸ OpenSea Trading Volume, April 30/2021 to May 19/2022

⁹ ETH/USD average closing price, April 30/2021 to May 19/2022

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