



Finally! The TSX Gets a Dedicated E-Sports ETF Tomorrow

Description

It's a billion-dollar industry, but you may not have even considered getting exposed. It's called e-sports, and if you have even a passing interest in online gaming or video game consoles, you'll know that it's gaining in popularity — and fast. However, while the U.S. can boast any number of retail and tech stocks that are related to the growing gaming industry, the TSX arguably has [next to no exposure to it at all](#).

Well, that's all about to change, and soon. As of tomorrow, Canada's first-ever dedicated e-sports and e-gaming ETF will begin trading on the TSX. **Evolve E-Gaming Index ETF (TSX:HERO)** will provide investors with what is essentially a pure-play e-sports stock, giving them unprecedented access to domestic and international electronic gaming companies. It's an exciting time to be a fan of gaming stocks, so let's take a look at what's on offer.

And then a HERO comes along...

Having launched its first raft of thematic ETFs back in September 2017, Evolve Funds Group manages assets valued at over \$485 million and has become the country's fastest-growing ETF provider. Its innovative funds are tailored towards long-term investment themes with a focus on index-based income strategies and giving investors access to seasoned investment managers.

The president and CEO of Evolve Raj Lala had this to say about the new ETF: "The launch of HERO marks an opportunity for Canadian investors to participate in another innovative sector positioned for exponential global growth. The momentum behind e-gaming signifies a cultural shift in entertainment with 2.2 billion gamers globally."

Lala went on to add that "almost 500 million people are expected to watch e-gaming events, leading to supplemental revenue sources for the industry from areas such as media rights and sponsorships. This year, the industry is forecasted for growth upwards of 38%." It's easy to see why tech stock fans are getting excited about the sector and why a thematic gaming ETF is potentially such a big deal.

Until now, the closest thing a Canadian investor could get to direct investment in e-gaming was to

stack shares in graphics processor producers **Nvidia** and retailer **GameStop**. However, [Nvidia belongs to the volatile semiconductors sector](#), while the struggling GameStop is, by all accounts a falling knife, so neither seemed a perfect option.

The benefit of an ETF is that they are usually lower risk, spread out as they are across a range of thematic assets. However, they tend not to pay higher dividends than direct investments in a single company. This may not be the case here: Nvidia currently pays its shareholders a meagre dividend yield of 0.43%, while GameStop has suspended its dividends altogether. In other words, Evolve E-Gaming Index ETF may have little competition in this space.

The bottom line

With a billion-dollar gaming industry to play for, Canadian investors will finally have direct access with this exciting new ETF. It will certainly be interesting to see how the Evolve E-Gaming Index ETF performs on the TSX after it goes live tomorrow.

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