



## Recession Worries? Buy These Little-Known TSX Stocks and Tap a \$2 Billion Industry

### Description

There's one industry that taps growth and could beat the coronavirus sell-off. It's got momentum, boasts some big industry names, and has social distancing built in. Investors with recession fears may not have even considered investing in it. And yet this industry is worth \$2 billion by some estimates.

Gaming is the perfect industry for a quarantined populace. It's also worth big bucks. The **NASDAQ** boasts some of its bigger names, from **Activision Blizzard** and **Electronic Arts** to **Nvidia**.

But Canada has a few e-sports plays of its own.

**Score Media and Gaming** (TSXV:SCR) is an innovative operation that augments the sports experience. The company focuses on interactive online platforms that patch into the whole gamut of sports, including "esports." Looking for player stats and the latest scores? This network of platforms has you covered. It's a speculative investment for digital sports exposure.

TSX Venture stocks tend to be lower volatility than their TSX cousins. That hasn't stopped the sell-off biting 18% off this name in the last five days. It's still overvalued, with a P/B of 5.3 times, though the current market may see to that. Potential investors should wait as recession worries mount and buy into weakness.

A mobile app packed with key info for gamers is one of the company's innovations. This works through initiatives such as the "theScore esports" YouTube channel, push notifications, and social networks.

Revenue is set to grow 34% annually, making it worth a look for growth stock investors. Total returns are projected to be in the 180% range within three years.

Digital sports is the perfect insulated market. Gaming is largely solitary — even more so now given the E3 cancellation. It's relatively affordable as pursuits go. It's immensely popular. And it can be pursued in isolation, with transactions and interactions happening almost exclusively online.

## Gamers: “What recession worries?”

But what about that ETF? The e-sports industry [got its own fund last year](#), so it's about time we checked in with it.

**Evolve E-Gaming Index ETF** ([TSX:HERO](#)) is down on average by only a single percentage point during one of the worst ever Canadian sell-offs. If that's not a downturn-hardy stock, nothing is. The fund may not be high momentum, up just 10% in the last 12 months. But it's a long-term buy for the recession fears-proof gaming industry. The market has spared it the worst this week, knocking it down 7%.

It's a medium-risk fund, covering hardware, software, and electronic gaming services. It's up 8.4% since its inception and pays a small dividend that may grow in time. There are about 2.2 billion gamers in the world, comprising almost a third of the planet. If that's not a growth industry [resilient to a market downturn](#), what is? This makes HERO a decently priced speculative long-term buy, with the safety of an index.

## The bottom line

Investors with recession worries may want to add social-distancing stocks to their portfolios. The economic downturn won't space any sector. However, gaming stocks are likely to be hardy. They're also going on sale, making for juicier long-term capital appreciation.

### CATEGORY

1. Investing
2. Stocks for Beginners
3. Tech Stocks

### TICKERS GLOBAL

1. TSX:HERO (Evolve E-Gaming Index ETF)

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### Date

2025/09/07  
**Date Created**  
2020/03/13  
**Author**  
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