Avoid GameStop and Buy These Smart Growth Stocks Instead

Description

GameStop has inspired activist investors on social media and drawn the ire of more traditional traders in 2021. I'd discussed the second wind it received on the market back in February. However, this would fail to carry the video game retailer to the heights it reached earlier in the year. Today, I want to discuss why I'm staying away from GameStop and focusing on two top growth stocks instead.

Why I'm not buying this latest GameStop surge

Shares of GameStop have climbed 23% month-over-month as of close on June 17. However, the stock has been largely static over the past week. Rather than relying on short squeeze hype, GameStop's management and biggest pushers are hoping the company can finesse into a strong position in the e-commerce space.

That dream has yet to materialize in any meaningful way. If the company does make significant strides in this arena, I'd be happy to jump on the bandwagon.

Here's a growth stock in the gaming space I'd rather own today

Traditional video game retailers like GameStop have seen their business struggle in recent years. However, the video game industry at large is booming and set to grow to new heights over the course of the 2020s. That is why I'm targeting growth stocks like **Enthusiast Gaming** (TSX:EGLX)(NASDAQ:EGLX).

The Toronto-based company is engaged in the media, content, entertainment, and esports businesses in North America and internationally. Its shares have climbed 52% in 2021 as of close on June 17. The stock has soared 336% year over year and is poised to grow on the back of the surging esports space.

In Q1 2021, Enthusiast reported revenue growth of 321% compared to the previous year. Meanwhile, gross profit jumped 80% and it achieved direct sales of $2.2 million – up from just $60,000 in the first quarter of 2020.

This growth stock is well-positioned as Canada looks to make a big legal change

Score Media (TSX:SCR)(NASDAQ:SCR) boasts one of the most popular sports applications among Canadian consumers. In late May, I'd suggested that investors should look to buy this promising growth stock on the dip. Shares of Score Media have surged 89% month over month as of close on June 17.

Legislation in Canada tends to move at a glacial pace. Bill C-218, the *Safe and Regulated Sports Betting Act*, aims to strike down the country's ban on single-game sports betting. The bill headed for its third reading in the Senate this week. It appears inevitable that legal single-game sports betting will soon be a reality in Canada. Score Media already boasts a strong footprint in Canada and is hoping to win big from the multi-billion-dollar industry.

In Q2 fiscal 2021, Score Media reported that its gaming handle on theScore Bet posted growth of 491% and reached a record $81.6 million, up 46% from the previous quarter. Thus, it's not too late to pounce on this exciting growth stock in June.

CATEGORY

1. Investing

TICKERS GLOBAL

1. OTC:EGLX.F (Enthusiast Gaming)
2. TSX:EGLX (Enthusiast Gaming Holdings Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing

Date
2025/08/13
Date Created

2021/06/20
Author
aocallaghan