



Top Canadian Gaming Stocks of 2023

Description

Love it or hate it, the video game sector is a multi-billion-dollar industry that's constantly growing and gaining momentum. From the early days of Nintendo to virtual reality, video games have been entertaining children and adults for decades.

Those who invest in top video game companies have enjoyed some handsome gains over the COVID-19 pandemic. And though supply chain problems have disrupted output of certain game consoles, the sector is still poised for major growth.

What is a video gaming stock?

Video game stocks are companies who make, sell, and publish video games.

The sector itself can be broken into two main groups:

1. Companies who manufacture video game hardware (like Nintendo and Sony), and
2. Companies who publish video games (Electronic Arts and Microsoft).

You could also break the sector into *where* the games are played: on console platforms, personal computers, or mobile devices.

The gaming market sector in Canada

Though video games have been popular since the 1970s, the industry grew immensely during the COVID-19 pandemic. The gamer population grew from 2.5 billion in 2019 to 2.81 billion at the end of 2021, bringing in \$236.3 billion for the global gaming market.

Many expect these numbers to keep climbing. By some estimates, the gaming population will hit 3 billion by 2023. If growth continues, many experts forecast the industry could hit \$681.5 billion by 2028.

Many tech giants, such as Google, Meta, and Apple, have expanded into the video gaming sector. Key players in the gaming industry are also developing new technologies to make gaming more realistic, entertaining, and engaging.

Top gaming stocks

Video games are huge in Canada—and that's an understatement. Around 23 million Canadians play video games, which is about 62% of the Canadian population.

So, if we're following the rule of "invest only in what you know," six out of every 10 Canadians is set to dig deeper into video game companies.

To help you get started, let's look more closely at some of the top gaming stocks.

Video Game Stock	Description
Nintendo (NTDOY)	Creator of some of the world's most popular video games, including <i>Super Mario</i> , <i>Legend of Zelda</i> , and <i>Pokemon</i> .
Microsoft (NASDAQ:MSFT)	One of the largest publicly traded companies in the world and a major player in the video-game sector.
Take-Two Interactive (NASDAQ:TTWO)	One of the world's largest independent video game publishers and creator of the <i>Grand Theft Auto</i> franchise and <i>Red Dead Redemption</i> .
Enthusiast Gaming Holding (TSX:EGLX)	Exciting Canadian growth company that engages in video game journalism and esports.

Nintendo

When the history of video games is finally written, it will begin and end (if that day ever comes) with the Japanese company, Nintendo. Like Apple with innovation and **Coca-Cola** with sugar water, Nintendo is known world-wide for its iconic franchises: *Mario*, *Donkey Kong*, *Pokemon*, *The Legend of Zelda*, and *Super Smash Bros*, just to name a few.

From Super Nintendos to Gameboys and Gamecubes, Nintendo has built some of the world's most popular video game consoles. And with the popularity of its most recent console, the Switch, Nintendo is far from slowing down.

With more than 103.5 million units sold, the Switch was the fastest selling video game console in both the United States and Japan. The company has plans to expand into new markets (such as augmented reality and theme parks), as well as a strategy to slowly push Nintendo franchises into the realm of mobile gaming.

Surprisingly, Nintendo stock hasn't been as popular as other video game companies. For investors looking for a solid long-term holding, Nintendo stock could be a worthy portfolio anchor.

Microsoft

Microsoft entered the video game market in the 90s with its hit games, *Age of Empires* and *Flight Simulator*. Since then it has grown to become the second-largest video game company in the world (not to mention the world's largest software company). With its recent acquisition of Activision Blizzard, the company is positioning itself for more upward growth.

Microsoft's flagship gaming console is the Xbox, and its software system is the standard for PC gaming. Not only does it have gaming franchises of its own, but Microsoft has also acquired numerous developers and studios, including Mojang (*Minecraft*) and Bethesda (*Elder Scrolls*).

But perhaps Microsoft's most lucrative acquisition was Activision Blizzard, which owns many popular franchises such as *Call of Duty*, *World of Warcraft*, and *Candy Crush*.

Microsoft is one of the largest publicly traded companies in the world. For investors looking for [large-cap companies](#), Microsoft could be right for you.

Take-Two Interactive

With titles like *Grand Theft Auto* and *Red Dead Redemption*, not to mention best-seller *NBA 2K*, Take-Two Interactive is a major leader in the video game industry.

In fact, this gaming publisher holds the title for "most profitable piece of entertainment media of all time" with *Grand Theft Auto V*, which surpassed \$6 billion and sold a whopping 90 million copies.

Take-Two isn't limited to console games, like *Grand Theft Auto*. Recently, it acquired the mobile and social game-maker Zynga in a \$12.7 billion deal. This will help bring Zynga favourites, such as *Empires & Puzzles* and *Farmville*, into Take-Two's empire, helping it expand into the free-to-play mobile gaming industry.

Enthusiast Gaming Holding

Based in Toronto, Enthusiast Gaming Holding is an exciting [growth stock company](#) that focuses on video game journalism and esports.

This digital media company engages in massive content production. This includes publishing unique content on 100 gaming websites, 30 weekly shows, and 1,000 YouTube channels. Its content reaches 300 million unique gamers per month—that's almost the entire U.S. population!—and it has 24 million YouTube subscribers.

The company was founded in 2014, but it's already impressed investors with its immense growth. In its 2021 fourth-quarter report, it posted \$167 million annual revenue, which is a whopping 130% year-over-year growth.

Enthusiast Gaming Holding wants to build the largest network of gamers on the planet. With a goal that's *that* ambitious, it could be a lucrative growth stock for investors.

The company is a [small cap](#), and there could be major volatility in the coming years. But for investors looking to buy for big gains over the long run, this may be a company to consider.

Are video game stocks the right investment for you?

Video game stocks might be the right investment if you're familiar with the gaming industry and want to put your money in some of the world's leading developers. Due to the recent pandemic push, video game stocks are riding some serious momentum. New gaming technologies and platforms could keep the fun rolling.

That said, investors will want to follow closely the aftermath of the pandemic. Now that people are traveling and attending more live events, there's a chance the video game industry could face a minor headwind.

Additionally, supply issues (such as the shortage of semiconductors) has hurt many gaming companies, with those who make hardware suffering the most.

Before you invest in a video game stock, you might want to dig deeper into the company's finances. Using valuation metrics, such as the [P/E ratio](#), as well as quarterly reports, you'll want to be confident the gaming company in question is worth your investment.

This is true for all gaming companies, large caps and micro caps alike, but especially true for companies you're unfamiliar with. This kind of [fundamental analysis](#) is a game in itself, albeit more boring, but could help you find the best gaming companies for your dollar.

Finally, if you're not comfortable choosing individual stocks, you might want to invest in a video-game focused [exchange-traded fund \(ETF\)](#). ETFs have low management fees, which separates them from mutual funds. And they'll spread your money across numerous gaming companies, rather than just one.

TICKERS GLOBAL

1. NASDAQ:MSFT (Microsoft Corporation)
2. NASDAQ:TTWO (Take-Two Interactive Software Inc.)
3. TSX:EGLX (Enthusiast Gaming Holdings Inc.)

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