

Evolve E-Gaming Index ETF

HERO invests in equity securities of companies listed domestically and globally with business activities in the electronic gaming industry.



As at September 30, 2019

TICKER: HERO (Hedged)

MACROECONOMIC HIGHLIGHTS:

Incidentally, Enthusiast Gaming has now become one of the largest gaming properties in the world, surpassing IGN Entertainment, GameSpot, and even Twitch.tv, according to a new Comscore evaluation. This follows a series of inter-related transactions, which saw Enthusiast entering into an M&A arrangement with J55 Capital Corporation and Aquilini GameCo way back in May. At the same time Aquilini was in the process of acquiring Luminosity Gaming, a global player in the esports industry. Once Aquilini acquired Luminosity, J55 acquired Aquilini and then subsequently merged with Enthusiast. The final result was the creation of one of the largest publicly traded esports and gaming organizations in the world.ⁱ

Earlier in May, two console gaming heavyweights — Sony and Microsoft signed a memorandum of understanding to develop joint cloud gaming systems. The agreement was largely intended to offset the emergence of Google's Stadia, a game-streaming service based on the cloud.ⁱⁱ

According to SuperData Research, a subsidiary of Nielsen Holdings, global consumers spent US\$8.9 billion on digital games worldwide across PC, console and mobile devices in August. This represents a 2% increase over the same period last year, driven in part by an uptick in mobile gaming spending. As of August, mobile gaming accounted for 67% of total worldwide spending in the gaming sector.ⁱⁱⁱ

SuperData also listed the highest-grossing games across each platform. In the mobile games segment, Pokemon GO emerged as the highest earner, raking in US\$176 million for the month; followed by Honor of Kings, owned by Tencent, and Fate/Grand Order. In the PC gaming market, the highest-earning game was Dungeon Fighter Online, developed Neople, a subsidiary of NEXON based in South Korea. It was followed by Dungeon Fighter Online, part of Tencent-owned League of Legends and World of Warcraft (WoW), run by Activision Blizzard. WoW was the leading PC game in August, attracting a whopping 223% increase in subscription revenues.

According to Newzoo, the worldwide PC segment is expected to generate US\$35.7 billion in 2019, a 4% increase from last year.^{iv}

Modern Times Group has partnered with Nielsen to allow its esports companies ESL Gaming and DreamHack to provide monetization data to brand partners and advertisers.



Nielsen will assess both companies' brand partnerships and their audience impact to deliver quantitative consumer insights and analytics, applying the Quality Index Media methodology the measurement firm uses to assess television viewership. The data will allow potential partners to understand how their investments in ESL and DreamHack would stack up against other esports and traditional sports.^v

Apple has joined the increasingly competitive gaming market with the launch of Apple Arcade, a subscription gaming service that will initially provide subscribers with unlimited access to over 100 games on Apple's platform. It is ad-free and users will not have to spend money on additional purchases or microtransactions. In addition, users will be able to download games to play offline. The games will be available across Apple devices like iPhone, iPad MacBook, and Apple TV. Apple has also partnered with top publishers and will be banking on the worldwide growth in gaming to gain traction. The success of Apple Arcade will be hinged on its ability to leverage its huge base of customers with Apple devices.^{vi}

SOURCE:

ⁱ <https://www.gamingstreet.com/enthusiast-gaming-becomes-global-gaming-leader-with-luminosity-merger/>

ⁱⁱ <https://investingnews.com/daily/tech-investing/gaming-investing/top-earning-digital-games-august/?mqsc=E4089011>

ⁱⁱⁱ <https://investingnews.com/daily/tech-investing/gaming-investing/top-earning-digital-games-august/?mqsc=E4089011>

^{iv} <https://investingnews.com/daily/tech-investing/gaming-investing/top-earning-digital-games-august/?mqsc=E4089011>

^v <https://www.gamingstreet.com/esl-gaming-dreamhack-nielsen-esports-data/>

^{vi} <https://articles2.marketrealist.com/2019/09/is-apple-arcade-a-threat-to-gaming-companies/>

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