

Bang Bang

In July 2020, Tokyo will host the Summer Olympic Games, the thirty-second version to be held since the Games were created in 1896. Of the original ten events, surprisingly, all but one, wrestling, remains in the 2020 programme. Every other sport hosted in the original 1896 event, from tennis to swimming, has withstood the test of time.



by Russell Collister, Chief Investment Officer, FIM Capital Ltd

Although the nineteenth century athletes would no doubt have been amazed by the progression of their own disciplines today, they would have been even more surprised by the sheer variety of sports on offer. In 2020, the Olympic programme will include artificial rock climbing, surfing and skateboarding for the first time, with the likes of break-dancing already making a serious pitch for inclusion in the Paris 2024 Games.

The debate on what does and doesn't constitute a sport is an old pub favourite.

The Oxford English Dictionary defines sport as an 'activity involving physical exertion and skill'; a wide definition, but one which seems to be captured by all the modern Olympic disciplines, in some way or another.

However, at this year's Southeast Asian Games (similar in scale to the Commonwealth Games), electronic or 'e-sports' will be added to the list of otherwise conventional medal sports for the first time. Traditionalists

should look away now. The Southeast Asian Games are sanctioned by the International Olympic Committee, no less, and are big business. Esports (presumably dropping the hyphen out of respect for Generation Z) will include three 'categories', PC, Console and Mobile, each featuring several video game titles such as Mobile Legends: Bang Bang and Arena of Valor (sic).

The Asian 'King Pro League' tournament (essentially the gaming equivalent of football's Champions League) attracted a total daily 'attendance' of up to 240 million viewers in 2018 to watch a game called Honor of Kings. The first world cup tournament of Fortnite starts later this

month and offers a \$100 million pool of prize money put up by the game's creators, Epic. Tapping into the trend are the likes of McDonald's, Nike and Mercedes-Benz, just some of the brand names 'partnering' with 40% Epic owner Tencent in various sponsorship agreements. No need to travel to Mars, Elon Musk. We have another world on our doorstep already.

The LCS Studio in the ironically named Olympic Boulevard in Los Angeles is an example of a modern, dedicated esports venue where fans can see their gaming champions compete on a live (and televised) platform. Watching the preamble to one of these games is very similar to listening to the build up to a major American football or baseball game with the audience (tickets are about the same price as a Premiership football match) cheering on every move made by their favourite e-gamer.

If you are, like me, a BBC licence payer who enjoys the occasional box set, then you are probably in a demographic which has missed all of this. Esports may have passed you by, but they certainly will not have passed by your children or grandchildren. According to the Entertainment Software Association, 60% of Americans play video games daily and the average age is 34 years old, with a slight (but only slight) bias towards male players. This is dwarfed by the growth in the Asian market where the number of gamers is expected to exceed 1 billion by 2022 with revenues of \$42 billion, according to market research and gaming specialists Niko Partners.

If the Southeast Asian Games experiment is successful, then commercial pressure to put esports in the Olympics will follow. In stock market terms, this is developing into a full-blown sub-sector and there is a myriad of ways to capture some of the potential future growth. Like the games themselves, such companies often come with their own set of health warnings. Income seekers and fans of low volatility, for instance, need not apply. But for the longer term, this is an area which should not be ignored. The odds of esports ending up like wrestling, much less tug of war (ejected from the Olympics in 1920), seem to be very low indeed.

“
In stock market terms, this is developing into a full-blown sub-sector and there is a myriad of ways to capture some of the potential future growth.
”

