

What is video gaming and Esports?

The video gaming industry consists of developers, publishers, hardware producers, distributors and consumers of video gaming and related products and services. The Esports industry is a subset of the broader video gaming industry value chain. Esports has taken off in the past few years, and like many digital sectors, has been a beneficiary of the “great acceleration” in digital trends induced by the Covid-19 pandemic. Esports includes professional teams, tournaments, wagering, spectatorship and sponsorship in and around competitive gaming.

The Opportunity

Gaming and Esports are experiencing significant tailwinds brought on by innovations in how gaming is delivered and consumed, as well as accelerated shifts in behaviour brought on by the Covid-19 pandemic.

Gaming has evolved into semi-professional/professional organised competitive formats, increasingly played out in front of large online and stadium crowds. This is the blossoming sector known as Esports which generated revenues of US\$1.1bn in 2020 and is expected to grow to US\$1.63bn by 2023. With audience numbers rising, the real-world stakes continue to grow. In 2019 the total prize money from Esports was US\$167.4m with The Fortnite world cup champion netting US\$3m that year. To put that in perspective, Tiger Woods netted US\$2.07m that year for winning the US masters. And the same year US\$822.4m in revenue was generated from Esports media rights and sponsorships, highlighting the growing commercial opportunity in the space.

Technological developments have also changed the way games are played and engaged with. Traditionally gaming was a solo activity, but it is increasingly a collaborative and competitive one, where players are immersed in a world of gamers playing together in real time. Cloud and mobile innovations are enabling gaming to take place anywhere, any time, on multiple devices from consoles to PC's to mobile phones. These innovation's have also enabled consumers to download games from the cloud, negating the need for physical software like CD's. This means titles (such as Fortnite) are increasingly being offered for free, driving larger player volumes which are then monetised through in-game product offerings.

Together these trends are driving sector growth. By 2023, the total number of gamers is expected to surpass 3 Billion, from 2.69 Billion today. In 2020, forecasted revenue for the entire gaming sector was US\$159.3bn, this is expected to grow to US\$200bn by 2023 at a CAGR of 7.7%.

P.A.C. Capital Global Esports Fund

The structural transition of gaming into both a social and competitive activity is creating numerous opportunities for investors within the Gaming and Esports space. Currently on market there are numerous passive Esports investment options. The P.A.C. Capital Esports fund is an Australian first, and one of only a few globally, offering active global equity exposure to the gaming and Esports thematic. The fund is a high conviction, concentrated portfolio of the most outstanding global gaming and Esports companies. The fund leverages sector opportunities by investing in the best opportunities (long and short) in gaming and Esports companies.

Performance

Return (%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
2021		5.13%	1.95%	7.58%	8.72%								25.24%

*Fees quoted are inclusive of GST after allowing for an estimate for RITC's.
*Past performance is not an indicator of future performance.

Fund Information

Fund	P.A.C. CAPITAL GLOBAL ESPORTS FUND
Structure	Unit Trust
APIR Code	BQC2881AU
ISIN	AU60BQC28818
Inception Date	05 January 2021
Management Fee	1.25%p.a.
Performance Fee	20%
High Water Mark	Yes, RBA cash rate
Buy/Sell Spread	+/- 25 basis points
Minimum Investment	A\$25,000
Unit Pricing	Monthly
Subscription Frequency	Monthly
Redemption Frequency	Monthly
Trustee	Boutique Capital Pty Ltd
Investment Manager	PAC Capital Pty Ltd
Custodian and Administrator	Boutique Capital Pty Ltd
Auditor	BDO

*Fees quoted are inclusive of GST after allowing for an estimate for RITC's.
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