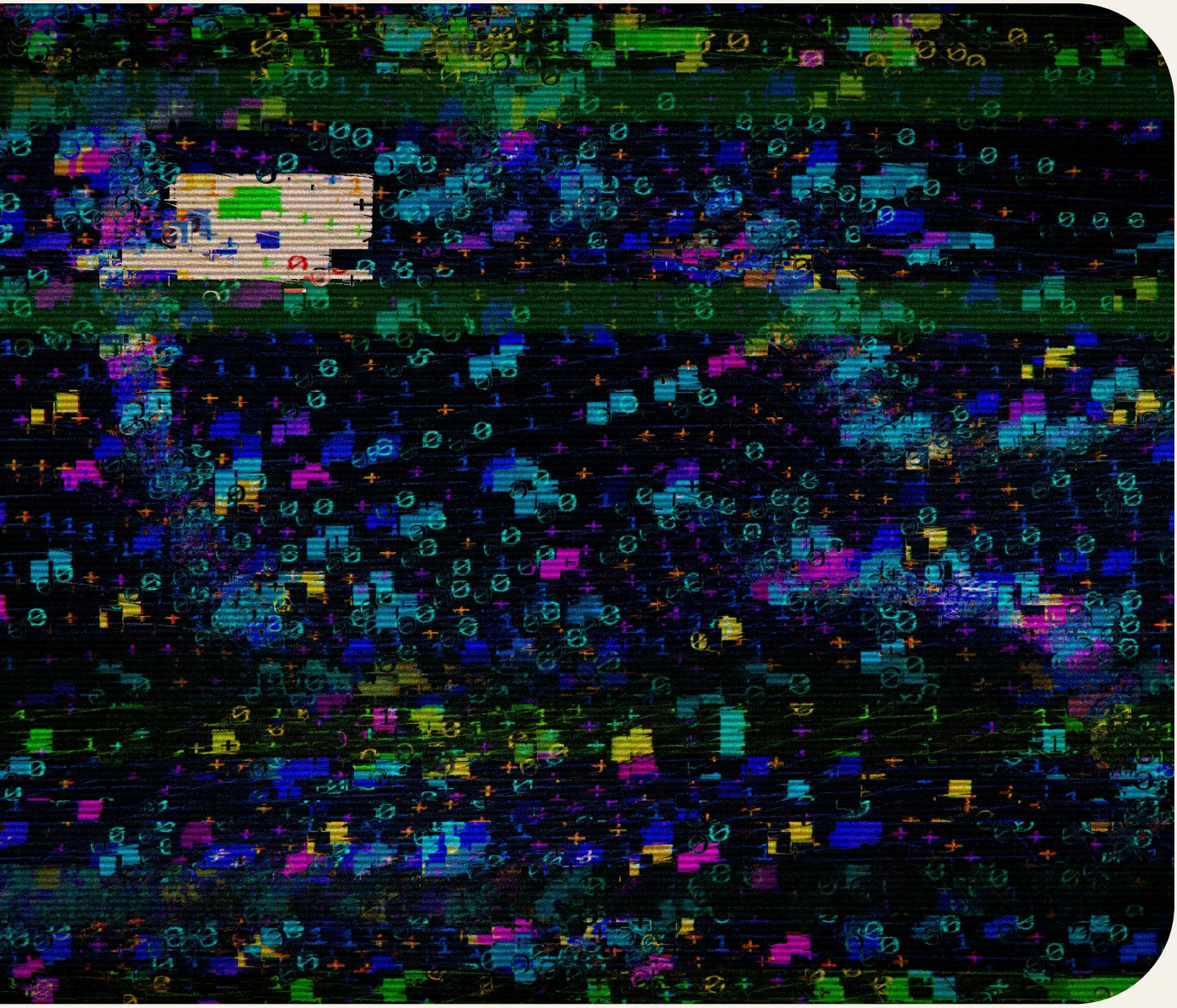

NEXTFRONTIER

SEMICONDUCTOR REPORT

Revolutionizing Semiconductor Development in 2023

This week's report covers crucial breakthroughs, market shifts, and industry trends.

Week ending May 17, 2026

CONTENTS

In This Issue

THIS WEEK

Key Points

- → Emphasis on chiplets over monolithic SoCs shows a market shift, offering opportunities for mid-cap companies like Achronix Semiconductor (GBC) and Nuvoton Technology (4919).

- → Advanced manufacturing technologies, such as 3D architectures, highlight firms like Innosilicon (300798) focusing on tailored production methods and high-performance devices.

- → Heightened geopolitical tensions necessitate localized supply chains, benefitting companies like ON Semiconductor (ON) and Himax Technologies (HIMX) that prioritize domestic manufacturing.

- → Industries adapting AI-driven testing frameworks can reduce error rates, essential for niche providers like IC Manage and Synopsys which enhance methodologies.

- → Integration partnerships within semiconductor sectors will play a crucial role in overcoming supply chain challenges, underscoring the importance of diversified sourcing strategies for future resilience. Crisis adaptability becomes essential for resilience and future growth prospects among mid-cap companies.

01

Recent advancements in chip performance have dramatically enhanced efficiency, reduced costs, and provided significant power gains, especially with the emergence of chiplet technol...

Breakthroughs in Chip Performance (Efficiency, Cost, and Power Gains)

Recent advancements in chip performance have dramatically enhanced efficiency, reduced costs, and provided significant power gains, especially with the emergence of chiplet technology. Contrary to traditional monolithic System-on-Chips (SoCs), chiplets allow for more flexible and scalable designs by integrating multiple smaller chips (dies) into a single package. This not only improves performance but also facilitates targeted enhancements in specific functionalities, leading to optimized resource allocation and reduced waste.

Efficiency improvements arise from the ability to customize configurations that better meet performance demands while constraining power usage. For investors, this transition represents a critical opportunity for mid-cap companies such as Nuvoton Technology (TWSE: 4919), which specializes in microcontroller units that can benefit from chiplet enhancements; Achronix Semiconductor Corporation (NASDAQ: GBC), known for its high-performance FPGAs that might adopt the chiplet model for increased efficiency; and Semtech Corporation (NASDAQ: SMTC), which is focusing on low-power solutions that could capitalize on chiplet architectures to extend battery life in devices. As semiconductor designs evolve, the reliance on advanced interconnects also becomes imperative, highlighting companies like O2Micro International (NASDAQ: OIIM) that develop power management solutions crucial for optimizing new chip designs.

Overall, the continuous focus on improving chip performance facilitates significant investment opportunities targeting companies innovating within this arena.

02

Manufacturing process innovations are key to realizing the full potential of chiplet technology and improving yield rates in semiconductor production.

Manufacturing Process Innovations

Manufacturing process innovations are key to realizing the full potential of chiplet technology and improving yield rates in semiconductor production. The transition from traditional single-die systems to more complex multi-die interconnects has prompted significant changes in manufacturing workflows. For instance, companies such as Innosilicon Technology (SHENZHEN: 300798), specializing in high-performance chip design, are adapting their processes to include advanced packaging solutions like 2.

5D and 3D architectures. This shift requires robust quality control measures throughout the production cycle, allowing for early detection of defects and minimizing costly failures. Another small-cap player, Solid Power (NASDAQ: SLDP), focusing on solid-state battery technology, is beginning to explore integration with semiconductor manufacturing for enhanced performance.

Enhanced methodologies for monitoring functionality, like those being studied by Vicarious Surgical (NASDAQ: RBOT), which aims at integrating software with precise robotic systems for semiconductor testing, also contribute significantly to advancing these manufacturing processes. By unlocking cost efficiencies and improving reliability, these players are positioned strategically amidst global demand for more complex integrated circuits, appealing to investors seeking high-potential growth avenues in the semiconductor manufacturing domain.

03

The semiconductor industry is significantly influenced by geopolitical dynamics and evolving supply chain structures.

Geopolitical & Supply Chain Shifts

The semiconductor industry is significantly influenced by geopolitical dynamics and evolving supply chain structures. Recent trends show a shift toward localized manufacturing efforts amid global supply chain vulnerabilities caused by the COVID-19 pandemic and rising geopolitical tensions. Companies like ON Semiconductor Corporation (NASDAQ: ON), which are prioritizing domestic manufacturing, thus reducing reliance on foreign suppliers, are particularly well-positioned to benefit in this environment.

Furthermore, smaller firms, such as Himax Technologies (NASDAQ: HIMX), who supply advanced display drivers, may capitalize on localized production demands for consumer electronics. The strategic maneuvers of governments to bolster semiconductor capabilities are profiting entities focused on rapidly enhancing manufacturing capacity, including diversifying suppliers and securing raw material supply chains. Additionally, the maturing chiplet technology mitigates reliance on singular sources for production.

Mid-cap firms such as Universal Display Corporation (NASDAQ: OLED) that are integrating local supply chains for producing OLED displays in conjunction with chip technologies can capitalize on the increasing demand for advanced displays in the AI and consumer electronics sectors. As the dynamics in semiconductor supply chains evolve, opportunities arise for companies embracing localized strategies, promising substantial returns for discerning investors engaging these markets.

Key Insights

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- Advanced manufacturing technologies, such as 3D architectures, highlight firms like Innosilicon (300798) focusing on tailored production methods and high-performance devices.
- Heightened geopolitical tensions necessitate localized supply chains, benefitting companies like ON Semiconductor (ON) and Himax Technologies (HIMX) that prioritize domestic manufacturing.
- Industries adapting AI-driven testing frameworks can reduce error rates, essential for niche providers like IC Manage and Synopsys which enhance methodologies.
- Integration partnerships within semiconductor sectors will play a crucial role in overcoming supply chain challenges, underscoring the importance of diversified sourcing strategies for future resilience. Crisis adaptability becomes essential for resilience and future growth prospects among mid-cap companies.

Dive deeper into the companies mentioned in this week's newsletter.

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