Beyond Nvidia: Five semiconductor companies making waves without the hype

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Key Takeaways

- Nvidia is rising rapidly in the rankings of the world's most valuable brands.
- These five companies offer unique products catering to major businesses across various industries.

A recent study of the top 10 most valuable brands[1] in the world found Apple holding the number one position for the third consecutive year with a brand value exceeding US$1 trillion. Google, Microsoft, Amazon, and McDonald's round out the rest of the top five. Interestingly, Nvidia features at number six, leaping 18 spots in a year and seeing its brand value rise by 178%—by far the biggest increase among the top 10.

How does a company making semiconductors, a technology few people truly understand, rank right next to the company that is practically the symbol of fast food worldwide? Given how swiftly Nvidia is rising in the rankings, will people who say, "I'm lovin' it" about their McDonald's soon start saying, "I'm liking this, but I'm loving Nvidia more"? Is the world's love for chips going to exceed its love for fries?

Nvidia's prominence among the most popular brands is arguably linked to its share price performance over the last couple of years. This positions it alongside the biggest companies in terms of market capitalisation—a purely financial measure, unlike intangible brand value.

But Nvidia is not alone in its field. Just as there are competitors like KFC, Five Guys, and Burger King in the fast-food industry, other companies are making semiconductors. They, too, are making waves this year with spectacular stock market returns, even if they don't quite match Nvidia's meteoric rise. This blog highlights five such companies from the US. The focus is on US-based businesses to draw a closer comparison to Nvidia.

How investors can access the opportunity

WisdomTree Artificial Intelligence UCITS ETF has been built in partnership with NASDAQ and the Consumer Technology Association (CTA) to embed AI industry expertise into an investment solution. CTA's input into the stock selection process facilitates the curation of a pure AI exposure that is differentiated and evolves along with the underlying technologies.

The ETF allocates 40% of its weight to enablers of AI, a category that typically includes semiconductor businesses. Importantly, the ETF equally weights all stocks within each of its three categories: engagers

(50% weight), enablers (40%), and enhancers (10%)[2]. By equally weighting the stocks within each category, the ETF mitigates the risk of any single company, such as Nvidia, dominating the index. This approach gives investors a more diversified exposure and addresses concerns about concentration and valuations.

1. Qualcomm

Qualcomm's origins date back to 1985 when it was created to build 'QUALity COMMunications'. Today, Qualcomm prides itself on bringing data processing and intelligence to the edge. In other words, the company provides the computing power for billions of smart connected devices, such as smartphones, tablets, wearables, cameras, smart home devices and much more.

One of their products is Snapdragon Seamless, which allows people to seamlessly switch between watches, mobile phones, tablets, and laptops. Therefore, it is no surprise that Apple and Samsung are among Qualcomm's biggest customers.

In the first half of 2024, Qualcomm's share price was up 39%[3].

2. Broadcom

Broadcom's history goes back to 1961, when it was established to advance semiconductor solutions. Today, Broadcom is a prominent name that provides industry-leading infrastructure technology. Put differently, the company delivers essential hardware and software solutions for various markets, including data centres, networking, broadband, wireless, and storage.

One of their products is the Tomahawk series of switches, which enables high-speed data transfer and connectivity in data centres. As a result, companies like Google and Microsoft are among Broadcom's biggest customers.

In the first half of 2024, Broadcom's share price was up almost 45%[4].

3. Micron Technology

Micron Technology was founded in 1978 to innovate in the semiconductor industry. Over the years, it has become known for providing advanced memory and storage solutions. In other words, the company delivers crucial memory and storage technologies used in various applications, including computing, networking, and mobile devices.

One of their products is the 3D NAND flash memory, sometimes referred to as a tiny skyscraper of storage. It offers high density and performance for data storage. Companies like Dell and HP are among Micron Technology's biggest customers.

In the first half of 2024, Micron Technology's share price was up 54%[5].

4. Teradyne

Teradyne's origins date back to 1960, when it was established to pioneer automated testing equipment. Since then, Teradyne has excelled in delivering cutting-edge solutions for testing semiconductors, wireless products, and complex electronic systems. The company, therefore, provides essential technology that ensures the performance and reliability of electronic devices in various industries.

One of their products is the UltraFLEX test system, which offers high efficiency and accuracy for semiconductor testing. Consequently, leading technology companies like Intel and Texas Instruments are among Teradyne's major customers.

In the first half of 2024, Teradyne's share price was up almost 37%[6].

5. Marvell Technology

Marvell Technology (not to be confused with Marvel Studios, the entertainment company) was founded in 1995 to develop innovative storage, networking, and connectivity solutions. Over time, Marvell has become a leader in providing advanced semiconductor products.

One of their notable products is the QLogic Fibre Channel adapter, which delivers high performance and reliability for data centre applications. As a result, companies like Cisco and Juniper Networks are among Marvell Technology's prominent customers.

In the first half of 2024, Marvell Technology's share price was up 16%[7].

Conclusion

These companies are at the forefront of developing hardware that will power the digital revolution and artificial intelligence. As global demand for computing power rises and the need for data storage and processing continues to surge, these companies will play an increasingly vital role. Their performance in the first half of 2024 demonstrates a growing recognition from the markets of their importance.

[1] Kantar's the world's most valuable brands of 2024, published June 2024.
[2] Please see the WisdomTree website for a full description of the three categories.
[3] Source: Bloomberg, based on total return.
[4] Source: Bloomberg, based on total return.
[5] Source: Bloomberg, based on total return.
[6] Source: Bloomberg, based on total return.
[7] Source: Bloomberg, based on total return.

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