

Semiconductor Dividend Plays

SIMO introduced a share repurchase program and quarterly dividend last week that I thought was a bold and positive move for this Chinese ADR with an established business in NAND flash controller chips that is expanding into cell phone transceiver chips with customer Samsung. While this factoid is worthy of note, five more semiconductor companies in the Tokeneke Universe introduced quarterly dividends over the last year including IXYS, MRVL, NVDA, SIMO and TSRA for a total of 26 out of 104 at current count—excluding one-timers from RDA and SUPX. So I figured it was time to provide an update to the cursory risk assessment for semiconductor equities offering dividends that I provided last year around this time. The comments below are clearly my opinions.

Ticker	1/25/13 Price	Quarter Dividend	Annual Yield	Risk-Reward Evaluation
Safety with Upside Potential				
INTC	20.96	0.225	4.3%	Low risk company, potential incremental share price upside
Safety with Limited Upside				
MCHP	33.30	0.352	4.2%	Low risk company, fairly priced stock
MXIM	31.63	0.240	3.0%	Low risk company, fairly priced stock
LLTC	36.70	0.260	2.8%	Low risk company, fairly priced stock
ADI	43.80	0.300	2.7%	Low risk company, fairly priced stock
TXN	32.80	0.210	2.6%	Low risk company, fairly priced stock
XLNX	36.85	0.220	2.4%	Low risk company, fairly priced stock
MCRL	10.01	0.043	1.7%	Low risk company, fairly priced stock
ALTR	33.52	0.100	1.2%	Low risk company, fairly priced stock
TSM	17.75	0.025	0.6%	Low risk company, fairly priced stock
Some Risk				
ISIL	9.07	0.120	5.3%	Good business, fairly priced stock
STM	8.57	0.100	4.7%	Big & established business—but distressed, significant potential upside
CY	9.87	0.110	4.5%	Good business now hurting, potential share price upside longer-term
MRVL	9.16	0.060	2.6%	Established but volatile, new dividend, potential incremental upside
NVDA	12.41	0.075	2.4%	Graphics chips, new dividend, volatile sector, potential upside
AVGO	34.16	0.170	2.0%	Established business, newer issue, fairly priced stock
QCOM	63.66	0.250	1.6%	High growth company, fairly priced stock
IXYS	9.48	0.030	1.3%	Established business, new dividend, potential incremental upside
BRCM	34.25	0.100	1.2%	High growth company, fairly priced stock
UMC	1.94	0.004	0.9%	Decent business, fairly priced stock
POWI	37.50	0.050	0.5%	Good business, fairly priced stock
High Risk				
SIMO	15.51	0.150	3.9%	Good business but volatile, new dividend, potential incremental upside
SPRD	16.11	0.100	2.5%	Chinese ADR, volatile sector, potential share price upside
TSRA	17.77	0.100	2.3%	IP business, new dividend, some controversy, potential upside
HIMX	3.02	0.016	2.1%	Korean ADR in recovery, volatile sector but significant upside potential
IDCC	44.70	0.100	0.9%	IP business, fully valued stock with potential downside risk

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