

TECHNOLOGY | THE TRADER

Nvidia Isn't the Only Tech Name to Buy. 10 Other 'Boring but Wonderful' Stocks.

BY PAUL R. LA MONICA

Nvidia's shares soared after its latest impressive (understatement of the year) earnings report. But there's more to the tech sector than the AI chip giant—and the rest of its Magnificent Seven brethren, for that matter.

Other tech stocks are performing exceedingly well and still have long growth runways ahead of them. Dell Technologies, which is also riding the artificial-intelligence wave, is at a record high. Dell, which will report earnings on May 30, is getting a boost thanks to new enterprise servers that are powered by Nvidia's Blackwell chips. This is no longer the Dell from the "Dude, you're getting a Dell!" days. But it is still a reasonably priced stock, trading for just 20 times earnings estimates.

Semiconductor company Marvell Technology, which has a growing AI chip business, and Dow component Salesforce, which launched its Einstein generative AI GPT for its cloud software customers, will also report earnings the week of May 27.

None of these stocks are as glitzy as Nvidia. But there's no problem with that. In fact, Daniel Kane, a portfolio manager on the U.S. value

team at Artisan Partners, says he's finding better bargains with "boring but wonderful tech" stocks.

One example? Analog chip giant Texas Instruments. Kane likes the fact that the company's semiconductors tend to last more than 10 years, making them crucial components for cars and industrial equipment as well as more-cyclical consumer electronics devices. He points out that Texas Instruments has been busy moving manufacturing to plants in Utah and Texas. This "onshoring" could help keep it out of regulatory and political crosshairs.

Kane owns Texas Instruments in the Artisan Value Equity Strategy. The strategy also has stakes in the South Korea-listed shares of memory-chip and mobile-devices giant Samsung Electronics as well as Dutch chip designer NXP Semiconductors.

Several software companies could be good bets for investors as well, particularly if the broader market gets roiled again by lingering worries about inflation and questions regarding the timing of Federal Reserve interest rate hikes. Trivariate Research ran a recent screen to find tech stocks that have a low correlation with inflation trends and interest rates. Autodesk,

Atlassian, Nutanix, and Procore Technologies were among the top software stocks on its list.

The good news for tech investors is that there is growth to be found beyond the giants of the S&P 500 index. According to Alex Atanasiu, a portfolio manager at Glenmede Investment Management, if you exclude the Magnificent Seven, the remaining tech stocks in the S&P 500 are still expected to post an earnings increase of more than 10% over the next four quarters.

Atanasiu concedes that tech stocks are more expensive than the broader market but notes his firm is looking to add semiconductor stocks to its portfolios. He says that the broader tech sector still looks compelling because even though valuations are high, returns on equity are also significantly above the market average.

"Investors don't have to bottom-fish," Atanasiu told Barron's. "People are desperate for growth, but you don't have to be."

You just need to know where to look.

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