



FEATURED OPTIONS RADAR REPORT



Taiwan Semi Bulls See Strength Continuing

Ticker/Price: TSM \$81.25

Analysis:

Taiwan Semi (TSM) with 1,600 April \$80 calls bought up to \$11.60 and 1,000 of the April \$85 calls also bought \$9.10, very narrow flag forming after a strong run. TSM had buyers of the October \$80/\$85 call spread 3500X in mid-August and popular with put sellers recently in April and October. Shares are trading in a narrow bull flag under \$82 with a breakout targeting \$90+ and strong long-term trend. The \$397B semi leader trades 27X earnings, 9.5X sales, and 19X cash with a 3.5% yield. TSM is guiding to over \$53B in revenue by FY23, up double-digits each of the next two years, with margin expansion. TSM has extended its leadership in next-gen 5nm and 7nm with Intel's recent delays and emerging as the long source of leading edge silicon in the space. 7nm continues to grow as a percentage of their overall mix. They continue to have strong tailwinds from demand from 5G smartphone growth and related launches as well as HPC opportunities with Nvidia's (NVDA) GPUs while the growing automotive AI chip market should be a multi-year cycle of spending. Analysts are mostly bullish the name with 8 buy ratings and 1 sell rating. New Street starting coverage on 8/28 as the new ten years look "awesome and underappreciated" for TSMC and the firm sees the potential for the stock to re-rate by about 20% against peers as it continues to win share. CSFB upgrading to Outperform in July. Hedge fund ownership rose 2.3% in Q2. Sanders Capital a buyer of 2M shares while Hillhouse a new 1.1M share position.

Hawk Vision:



Hawk's Perspective: TSM a great combination of story and leadership, flows, and technical setup and think it has strong potential out of this bull flag

Confidence Ranking: \$\$\$