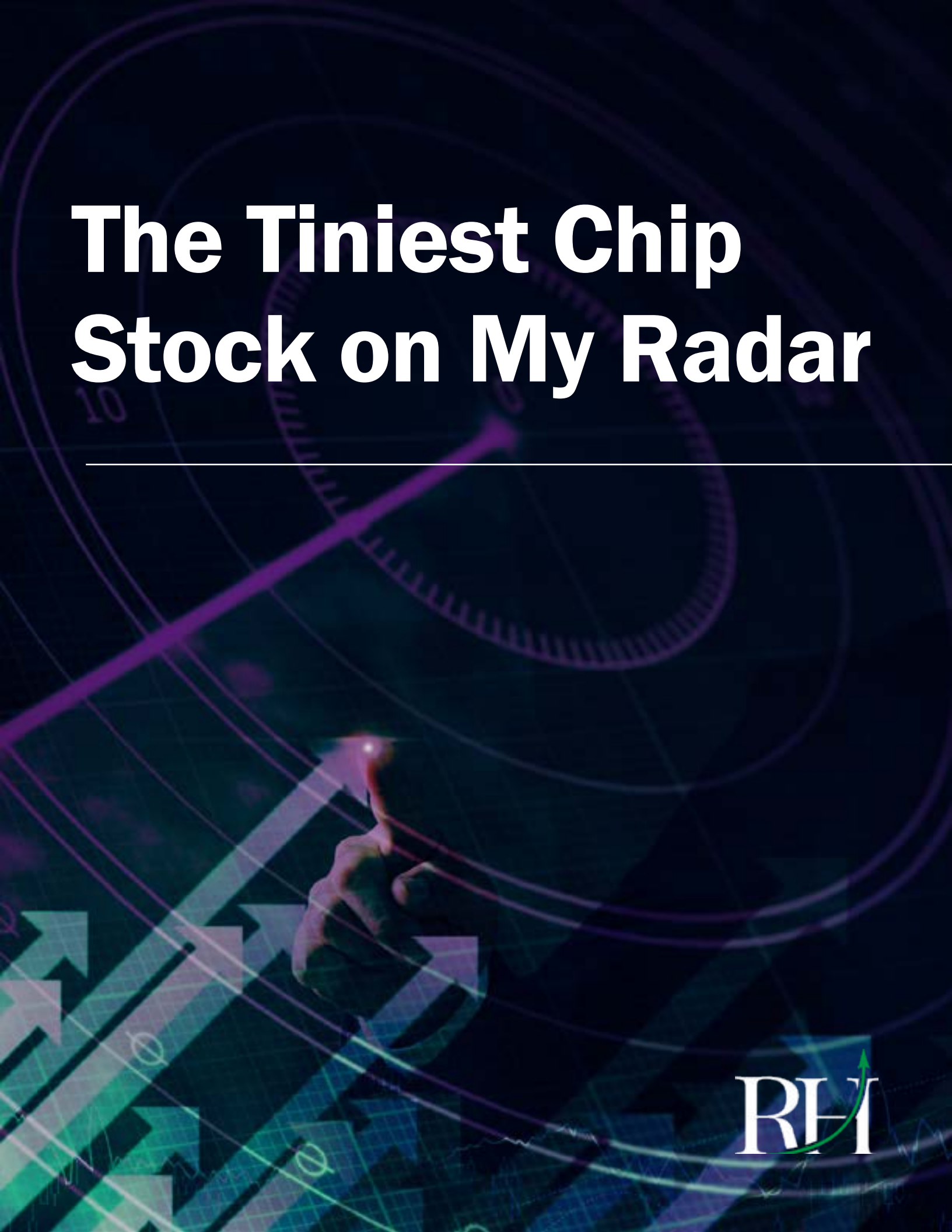
The Tiniest Chip Stock on My Radar



Chris Wood here. Thank you for signing up for my 5X Phase Summit.

As a token of my appreciation, I'd like you to have this bonus report.

In it, I'll reveal a tiny stock that recently entered my microcap "incubator."

And while it's too early on—and risky—to buy today, you'll see why it belongs on every microcap investor's radar. I recommend putting it on your watchlist immediately after reading this report.

As you'll see, it could end up "graduating" to become an official recommendation of mine down the line.

I'll tell you more about it in a moment.

But first, let me pull back the curtain on my unique incubator approach to picking microcap stocks.

Introducing my microcap incubator

Have you heard of a tech "incubator"?

Imagine investing in Microsoft before it was a fully formed company… back when Bill Gates was tinkering with electronics in his garage…

Sounds impossible. But that's exactly what Venture Capitalists (VCs) do.

And VCs often use incubators to access investment opportunities in their very earliest stages.

I'm talking about companies so small, gains of 100—1, 1,000—1, or even 10,000—1 are on the table.

You see, tech hotbeds like Silicon Valley, CA, and Austin, TX, are full of talented, young entrepreneurs with billion-dollar ideas…

But they often lack the money and know-how to execute these ideas.

"Incubators" are the answer. They provide seed money, office space, mentorship, and sometimes even a place to live, usually in exchange for an ownership stake in the young company.

By supporting companies in their very earliest stages, VCs can bank astronomical returns—sometimes as high as 100,000%.

Many great companies, like Airbnb and DropBox, got their starts in incubators.

I'm telling you this because, as far as I know, I'm the only analyst who takes an incubator approach to recommending microcap stocks.

My incubator approach has led to many of my readers' biggest wins. Like 422% on **Magnite (MGNI)**... 251% on **Personalis (PSNL)**... and peak gains of over 430% on **Atomera (ATOM)**.

Every month in my *Project 5X* advisory, I introduce at least one (often more) extremely early-stage company that's developing a breakthrough technology.

Then I keep tabs on these young companies for months... or years.

In that time, I'll look to establish a relationship with the CEO. I'll contact the company's suppliers to verify important details.

And I'll simply watch and wait for the company to prove itself.

The truth is, 90% of the early-stage stocks that enter my incubator never go anywhere.

But the few that "graduate" to become official recommendations have been some of our best picks.

I "incubated" Magnite for six months before recommending it. Personalis for two months before recommending it. And Atomera a full year before finally putting it in our *Project 5X* portfolio.

As I mentioned, I hunt for early-stage companies developing breakthrough technologies. And the tiny watchlist stock I'm about to mention has a lot of similarities to Atomera in that regard...

Have you heard of Moore's Law?

Named after Intel founder Gordon Moore, it observes that computing power doubles roughly every two years. This has led to exponential growth in computing power.

The driving force behind Moore's law is this: The number of transistors that can fit on a computer chip doubles about every two years. Transistors allow computers to compute. The more transistors you cram onto a chip, the more computing power it has.

For the past 50 years, this has more or less held true.

But today, Moore's law is breaking down.

You see, although today's transistors are microscopic, they still take up physical space. There's a limit to how small you can make anything that occupies physical space. We are now approaching that limit with transistors. In other words, Moore's law has reached its breaking point.

That's where **Atomera (ATOM)**, the tiny stock I recommended to my paid-up *Project 5X* members in May 2020, came in...

In short… Atomera created a new way to make microchips. It fused silicon with another element, resulting in "superchips" that are up to 100% more powerful than today's "bleeding edge" chips.

Simply by applying Atomera's patented tech, semiconductor companies can make chips more powerful without needing to double the number of transistors on a chip.

That's a game changer for the entire industry. Atomera's tech could deliver as much power and performance improvement as a full two years of Moore's Law.

Thanks to Atomera's big breakthrough, the stock has risen as much as 288% since my original recommendation. It's currently a HOLD in my portfolio—so I don't recommend buying it today.

But there's another tiny stock that's entered my incubator, addressing another problem relating to Moore's Law…

And while it's too early and risky to invest in right now, you'll want to put this stock on your radar…

My top incubator stock: Transphorm Technology Inc (TGAN)

Transphorm is driving "Moore's Law of Power" with its gallium nitride (GaN) semiconductor solutions.

You see, the "original" Moore's Law applies to computer chips. "Moore's Law of Power" is similar. It refers to the increasing capacity of power converters.

Put simply, the law states that the amount of power you can pack in a converter of a given size increases over time.

Power converters convert electrical energy from one form to another: AC to DC, for example.

They're a key part in charging almost anything with a battery—like cell phones and laptops.

Power converters also play important roles in telecom infrastructure, data centers, and electric vehicles.

For decades, engineers have been packing more and more power into converters. This has enabled faster charging of electronics, more powerful data center and telecom infrastructure, and more efficient electric vehicles.

But the rate of improvement has slowed recently.

See, semiconductor-based electronic switches sit at the core of these power converters. And just like other computer chips, these switches are made of silicon.

But silicon has reached its physical limits. That's where Transphorm comes in with its gallium nitride (GaN) material.

According to Transphorm:

> GaN is the semiconductor material that can carry this law forward. Because GaN is intrinsically the best material for power conversion among all the practical materials.
>
> It has the highest efficiencies and lowest losses in power conversion at any voltage range and it operates at higher frequency.

The result is smaller, lighter, and cooler power systems with 40% higher power density and 20% lower system costs.

Transphorm is an interesting company built on more than a decade of innovation with a massive IP portfolio of over 1,000 patents. If its tech is reliable and scalable, this could be a real game changer.

But the stock doesn't yet trade on a major exchange, and volume is extremely low with an average of just $136,000 traded per day.

So I'm keeping an eye on this one, but it's too risky to add to your portfolio today.

We're putting the stock in our incubator to keep tabs on it.

As I've showed you with Atomera, it pays to be patient.

Mark your calendar for March 28 at 2 pm EDT

That's when I'm holding only my 3rd investing Summit like this in my 15 years as a microcap analyst: the **5X Phase Summit**.

At my first Summit, I recommended a 5G stock that would later be acquired for a 260% overnight gain. At my second Summit, I shared my research on a tiny streaming technology stock that would gain 422% in 9 months.s

At my new **5X Phase Summit**, I'm upping the ante. I'm taking you behind the curtain to reveal how my readers and I have collected realized gains of 422%, 399%, 376%, 252%, 251%, 177%, 117%, and 102% in just the last 2 years alone… and how we have the perfect setup in the markets right now to potentially collect even bigger gains in 2022.

Don't forget to tune in on Monday, March 28 at 2 pm EDT. We'll send you a reminder link beforehand.

Chris Wood
Editor & Chief Investment Officer