HSBC Global Investment Research

Equity Snap: Broadcom Inc (AVGO US)

USD63bn financing deal for Anthropic to deploy Broadcom's AI compute

Equities
Semiconductors & Equipment

United States

- SPV to buy AI XPUs and networking solutions from Broadcom to lease to Anthropic; Broadcom's peak exposure of USD43bn via residual value support (RVS)

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Broadcom Inc (AVGO US, USD329.17, Buy, TP USD560.00)
(Priced as of 26 Oct 2026)

USD63bn financing for Anthropic: Bank of America, Blackstone, Citi and Morgan Stanley announced (on 26 Oct) a USD63bn transaction to enable the deployment of AI compute capacity, leveraging Broadcom's technology, for Anthropic.

How does it work? The transaction will be undertaken through a newly established special purpose vehicle (SPV), supported by committed financing from the Lead Financial Partners. The financing will fund the acquisition of Broadcom XPU AI accelerators and networking solutions, which will subsequently be leased to Anthropic. Bank of America, Citi and Morgan Stanley are arranging the first-lien financing, while Blackstone is the sole provider of the committed second-lien financing. Broadcom will provide the SPV with residual-value support equivalent to the amount of the first-lien financing and expect peak exposure of USD43bn.

Low probability of RVS occurring as per Broadcom: Broadcom believes it has multiple layers of protection before the residual value support (RVS) is triggered. These include Anthropic's scale and strong market position; contractual payment obligations; the potential for the SPV to re-lease or redeploy the technology, and the underlying collateral value of the technology itself. Together, these protections are intended to reduce the likelihood that the technology's value falls below Broadcom's expected residual value.

Key debate— more financing deals to meet target? During their 3QFY26 earnings call, management had guided for Anthropic to deploy more than 1GW of AI compute in 2026 and 5GW in 2027 (see *Broadcom: FY27 not as bullish but focus on FY28 upside*, 3 September). In June, Broadcom, Apollo and Blackstone had set up an AI XPV platform, with an initial tranche of USD35bn to facilitate Anthropic's deployment of >1GW of AI compute. Therefore, the key debate arising from the announcement is whether there could be another round of a similar funding deal. The USD63bn deal implies deployment of 1.7-1.8GW of AI compute, based on the previous deal of USD35bn for 1GW— which still leaves plenty of room to meet the 5GW deployment guidance.

Market reaction: Broadcom is trading +2% ahead of the opening bell (06:17 AM ET) vs NASDAQ 100 futures trading -0.02%.

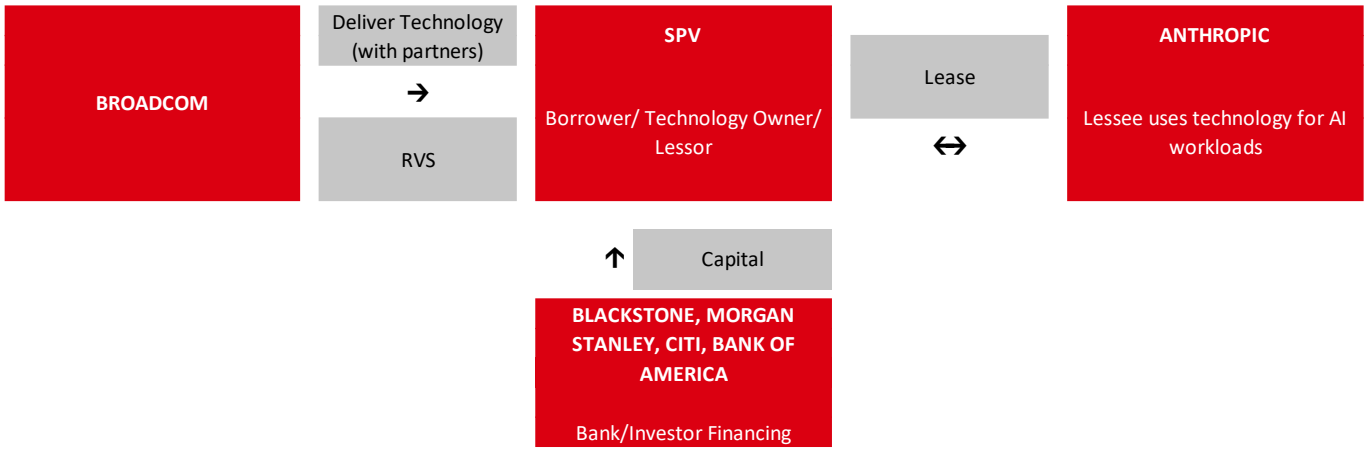
For full valuation and risks and further details see our latest report: *Broadcom Inc (AVGO US); Buy: FY27 not as bullish but focus on FY28 upside*, 03 September 2026.

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Exhibit : Transaction overview



Source: Broadcom

Disclosure appendix

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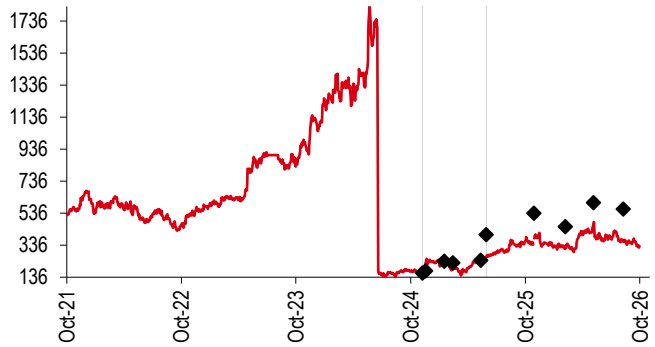
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Share price and rating changes for long-term investment opportunities

Broadcom Inc (AVGO.N) share price performance USD Vs HSBC rating history



Source: HSBC

Rating & target price history

From	To	Date	Analyst
Hold	Hold	03 Dec 2024	Frank Lee
Buy	Buy	24 Jun 2025	Frank Lee
Target price	**Value**	**Date**	**Analyst**
Price 1	160.00	03 Dec 2024	Frank Lee
Price 2	175.00	13 Dec 2024	Frank Lee
Price 3	235.00	10 Feb 2025	Frank Lee
Price 4	225.00	10 Mar 2025	Frank Lee
Price 5	240.00	06 Jun 2025	Frank Lee
Price 6	400.00	24 Jun 2025	Frank Lee
Price 7	535.00	23 Nov 2025	Frank Lee
Price 8	450.00	03 Mar 2026	Frank Lee
Price 9	600.00	01 Jun 2026	Frank Lee
Price 10	560.00	03 Sep 2026	Frank Lee

Source: HSBC

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Company	Ticker	Recent price	Price date	Disclosure
BROADCOM INC	AVGO.N	329.17	26 Oct 2026	7

Source: HSBC

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