

# Broadcom Inc.

NASDAQ: AVGO | Semiconductors and infrastructure software | Coverage update | 2 October 2026

|                                  |                                     |                                 |                                               |
|----------------------------------|-------------------------------------|---------------------------------|-----------------------------------------------|
| <b>Last close (1 Oct 2026)</b>   | \$343.64                            | <b>Recommendation</b>           | <b>WATCHLIST (unchanged)</b>                  |
| <b>Previous report (27 Sep)</b>  | \$352.81, Watchlist                 | <b>Investment score</b>         | 77.0 / 100 (prior 77.0)                       |
| <b>Structural low</b>            | \$335.81 (16 Sep); price 2.3% above | <b>Weighted fair value</b>      | \$406 (prior \$406); +18.1%                   |
| <b>10-year Treasury</b>          | 5.24% (1 Oct close)                 | <b>Re-entry level</b>           | Close above \$368, the 200-day average        |
| <b>FY2027E P/E (base)</b>        | 18.6x                               | <b>Buy range, stop, targets</b> | Not published under this rating               |
| <b>FY2028 P/E on mgmt figure</b> | 11.5x                               | <b>Next results</b>             | Expected mid-December, date not yet announced |

## The Backstop Now Has a Number

The rating stays at Watchlist, and the level that would return Broadcom to Buy is a close above \$368, the 200-day simple average of \$367.42 rounded up. The shares closed at \$343.64 on 1 October, 2.6% below the previous report and 7.1% beneath that level, after a 2.1% fall on the day the customer-financing story moved from rumour to document. Neither the price nor the new information supports reinstating a Buy before the long-term trend is repaired.

The information that matters is the one this coverage has called the largest unmeasured risk in every edition since July. Broadcom's own third-quarter 10-Q, filed on 10 September, states that a customer may, under certain circumstances and if needed, issue to Broadcom convertible promissory notes up to an aggregate principal of \$42bn, alongside the existing backstop whose maximum potential liability is about \$29bn once all AI racks are deployed. On 1 October Anthropic's draft IPO prospectus, as reported, identified Anthropic as that customer, said the notes would fund roughly a third of a \$125.2bn five-year commitment to lease TPU capacity, said the notes could convert into Anthropic shares and that Broadcom may designate a financing partner, and listed Broadcom's double role as supplier and lender among its conflicts of interest. On 2 October a \$60bn debt package was reported to be in syndication: a \$42bn senior secured class A tranche to fund the chip leases and an \$18bn junior class B tranche led by Blackstone. Broadcom declined to comment.

The effect cuts both ways and, on this report's sizing, roughly nets out. On the demand side a \$125.2bn contracted lease commitment is the hardest evidence yet that the fiscal 2027 artificial intelligence line has a paying customer behind it. On the risk side Broadcom's disclosed contingent ceilings now total \$71bn, against the \$56bn this coverage had modelled, and the borrower's prospectus reportedly shows a 2025 operating loss above \$8bn on \$4.6bn of revenue. The bear case carries \$3.72 a share of modelled loss, up from \$2.94, and the weighted fair value is \$406, essentially unchanged. The verdict would be the same without the item: Watchlist rests on the broken trend and a 10-year yield at 5.24%, not on the financing.

## What Changed Since 27 September

| Development                                                                                                                                          | Date             | Effect on the case                                                                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------------------------------------------------------------------------|
| Anthropic's draft prospectus reportedly details up to \$42bn of convertible lending from Broadcom against a \$125.2bn five-year TPU lease commitment | 1 Oct (reported) | High. Sizes the exposure and confirms the demand; analysed below                             |
| A \$60bn package reported in syndication: \$42bn senior secured class A, \$18bn junior class B                                                       | 2 Oct (reported) | Indicates how the \$42bn may be funded; Broadcom's share of the senior risk is not disclosed |
| Shares fell 2.1% to \$343.64, below the 20-day average and 2.3% above the September low                                                              | 1 Oct            | Trend repair has not begun; the re-entry test is further away                                |
| AST, the Broadcom-TOPPAN joint venture, opened Singapore's first high-end FC-BGA substrate plant, three months early                                 | 30 Sep           | Supportive for supply of large AI packages from late 2026                                    |

| Development                                                                                                                                            | Date         | Effect on the case                                                         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------------------------------------------------------------------|
| The 10-year yield reached 5.29% on 30 Sep and closed at 5.24% on 1 Oct; a New York Fed president suggested the next increase could wait until December | 29 Sep-1 Oct | Discount rate still near its high; slightly less pressure on the next hike |
| Quarterly dividend of \$0.65 paid                                                                                                                      | 30 Sep       | As scheduled                                                               |

*Prospectus details as reported by Reuters, 1 Oct 2026, and syndication details as reported by Bloomberg, 2 Oct 2026; both unconfirmed by Broadcom. Contingent ceilings from the Broadcom 10-Q for the quarter ended 2 Aug 2026.*

## Company developments

Items from 20 September to 2 October 2026, plus a commitment disclosed in the 10 September filing, that bear on what Broadcom earns or how it competes. Ratings and price moves appear under Sentiment.

| Development                                                                | Status and date                                                                               | What is known                                                                                                                                                                                                                                                                                                                            | What is forecast (and by whom)                                                                                                           | Impact |
|----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Convertible-note commitment to Anthropic and the related financing package | Filed 10 Sep (10-Q); customer named 1 Oct (reported); package in syndication 2 Oct (reported) | 10-Q: notes up to \$42bn aggregate principal may be issued to Broadcom if needed; backstop ceiling about \$29bn; no amounts paid. Reported: notes convertible into Anthropic equity, Broadcom may designate a financing partner, notes fund about a third of a \$125.2bn five-year TPU lease; \$42bn class A plus \$18bn class B package | Broadcom expects Anthropic to be its largest XPU customer in fiscal 2027 (management, 2 Sep). Our loss sizing is in the subsection below | High   |
| Anthropic IPO                                                              | Draft prospectus reported 1 Oct; listing reported for after the 3 Nov US midterm elections    | Reported: 2025 revenue \$4.6bn, operating loss above \$8bn, net loss \$42bn mainly from an accounting charge                                                                                                                                                                                                                             | Timing and valuation are reported, not announced                                                                                         | Medium |
| AST FC-BGA substrate plant, Singapore                                      | Opened 30 Sep (company release)                                                               | Broadcom-TOPPAN joint venture; about 95,000 square metres; brought online three months early; high-value production targeted for late 2026                                                                                                                                                                                               | Supply relief is management's expectation; capacity and investment not disclosed                                                         | Medium |
| China survey of Broadcom switches in state-backed data centres             | Reported 23 Sep; no update                                                                    | Regulator reportedly surveyed usage; no Broadcom comment                                                                                                                                                                                                                                                                                 | Revenue at stake is not disclosed                                                                                                        | Medium |
| European Commission inquiry into VMware licensing                          | Preliminary; no formal case as of 2 Oct                                                       | Information gathering since July; Broadcom says it is engaged                                                                                                                                                                                                                                                                            | A formal case or interim measures remain possible; no date set                                                                           | Medium |
| Registered exchange offer, \$654m 4.926% notes due 2037                    | Expires 19 Oct                                                                                | Swaps privately placed notes for registered ones; no new debt                                                                                                                                                                                                                                                                            | None                                                                                                                                     | Low    |

*Sources: Broadcom 10-Q and company releases first; reported items from Reuters (1 Oct) and Bloomberg (2 Oct) via Yahoo Finance, CNBC and The Star; Evertiq and Digitimes for the AST plant. Reported items are unconfirmed by the company.*

### The \$42bn note commitment: what it adds and what it settles

**What is known.** Broadcom's filing discloses two ceilings and states that no amounts have been paid under the backstop and that its fair value is not material. The convertible-note commitment is conditional: notes are issued only under certain circumstances and if needed. What the prospectus adds, as reported, is the counterparty, the purpose and the scale of the underlying obligation: Anthropic's \$125.2bn five-year lease of TPU capacity, cash placed in a restricted account for Broadcom's benefit in April, and default terms under which lease obligations can fall due at once. Anthropic does not expect any notes to be sold before its IPO completes.

**Why it matters here.** Artificial intelligence silicon was 56% of third-quarter revenue and is the whole basis of the approximately \$115bn fiscal 2027 and \$230bn fiscal 2028 lines. Anthropic is expected to be the largest customer within that. A lease commitment averaging about \$25bn a year (our arithmetic: \$125.2bn over five years) is the closest thing to contracted demand this coverage has seen, but the same customer now also owes, or may owe, Broadcom for part of the money it uses to pay. That is vendor financing, and it ties part of the equity to one private company's credit.

**What success and failure look like.** Success is the class A and class B tranches placing with outside investors, Anthropic completing its IPO and the notes never being drawn. Failure would appear as the package failing to syndicate, Broadcom being designated as funder of most of the senior tranche, or a delayed listing. The first hard evidence will be the outcome of the syndication, Anthropic's public filing, and Broadcom's fiscal 2026 10-K in December, which must describe material guarantees and commitments.

**Sizing (our calculation).** The previous edition assumed about \$27bn of added guarantee on a reported second package. This edition replaces that assumption with the disclosed \$42bn ceiling, treated as fully funded by Broadcom, which is the conservative case because a financing partner may carry part of it. At the same 25% loss rate used for the backstop, the \$42bn adds \$2.20 a share of bear-case loss on 4.77bn shares, on top of \$1.52 for the backstop, a total of \$3.72.

| Input                                        | Value               | Basis                                          |
|----------------------------------------------|---------------------|------------------------------------------------|
| Shares outstanding                           | 4.77bn              | 10-Q cover, 28 Aug 2026                        |
| Backstop ceiling                             | ~\$29bn             | 10-Q, undiscounted, on full rack deployment    |
| Convertible-note ceiling                     | \$42bn              | 10-Q aggregate principal                       |
| Loss rate in the bear case                   | 25%                 | Unchanged from prior editions; our assumption  |
| Bear-case loss per share                     | \$3.72              | \$1.52 backstop plus \$2.20 notes (was \$2.94) |
| Weighted fair value with / without the notes | \$405.99 / \$406.52 | Computed in code from the scenario table       |

*All sizing is this report's calculation. Ceilings are company-disclosed; loss rate and funding share are assumptions.*

**What the price assumes.** The difference between the fair value with and without the notes is about \$0.53 a share, because a 25% loss on \$42bn is \$10.5bn against a company worth about \$1.64tn. As before, the risk sits in the tail and in the multiple: a market that prices Broadcom partly as a lender to a loss-making customer will pay less for the same earnings. The shares fell 2.1% on 1 October, against 5.9% on 14 August, when the scale of its customer financing first drew scrutiny, which suggests much of this was already discounted. How much of the fall since 27 September the item explains cannot be shown; the sector and yields also moved.

**Precedent and what is unknown.** Vendor financing has a poor record in past technology cycles. The difference this time is that the borrower is raising public equity and has disclosed the obligation in a prospectus. Still unknown: how much of the senior tranche Broadcom itself funds or guarantees, the conversion terms, and the loss given default on leased accelerators that may hold resale value. **Effect on this report:** the item enlarges the bear-case deduction and holds Risk at 3; it does not move the verdict, the watch price or any other score.

## Growth drivers

| Driver                                                                                          | Status and date                             | Fact versus forecast                                                       | Likelihood / impact |
|-------------------------------------------------------------------------------------------------|---------------------------------------------|----------------------------------------------------------------------------|---------------------|
| Anthropic TPU deployments: 1GW in 2026, about 5GW in 2027; \$125.2bn five-year lease commitment | Announced; lease commitment reported 1 Oct  | Lease figure reported from the prospectus; gigawatt plans are management's | High / High         |
| OpenAI custom accelerator: 1.3GW planned for 2027, over 5GW line of sight in 2028               | Announced 24 Jun; on track per 2 Sep call   | Chip is fact; volumes are management forecasts                             | Medium-high / High  |
| Google TPU agreement and Meta MTIA through 2029                                                 | Announced                                   | Agreements are fact; annual values are management characterisations        | High / High         |
| Fourth-quarter guidance: revenue ~\$34.8bn, AI revenue \$21.7bn                                 | Guided 2 Sep; results expected mid-December | Management guidance                                                        | High / Medium       |

| Driver                            | Status and date                     | Fact versus forecast                                       | Likelihood / impact |
|-----------------------------------|-------------------------------------|------------------------------------------------------------|---------------------|
| AST substrate supply in Singapore | Opened 30 Sep; production late 2026 | Opening is fact; supply relief is management's expectation | Medium / Medium     |

## The Variables That Decide It

Broadcom runs two engines. Infrastructure software built on CA, Symantec and VMware produced \$8.75bn of third-quarter revenue at roughly 94% gross margin; semiconductors produced \$20.84bn, of which \$16.7bn was artificial intelligence silicon, up 221%. Third-quarter revenue was \$29.59bn, non-GAAP earnings per share \$3.32 and free cash flow \$13.67bn. Gross margin was 75.0% and is guided to about 73% in the fourth quarter as memory-heavy custom accelerators dominate the mix.

| Variable                                    | Why it decides the outcome                                                                  | Where it stands on 2 October                                                      |
|---------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| Conversion of the \$115bn and \$230bn lines | They are the valuation; at 11.5x the fiscal 2028 figure the price assumes material slippage | Better evidenced. The largest customer has a \$125.2bn lease commitment on record |
| Customer financing                          | Determines whether the equity carries credit risk on its customers                          | Now bounded: \$29bn and \$42bn ceilings. Funding split of the new package unknown |
| Gross margin through the mix shift          | The fiscal 2028 figure assumes dilution stabilises                                          | Unchanged; next evidence at fourth-quarter results                                |
| The discount rate                           | Value concentrated in 2027-2028 is discounted harder as the long end rises                  | Unchanged. 10-year at 5.24%, Fed funds 3.75%-4.00%                                |
| Software pricing and regulators             | Software funds the growth engine                                                            | Unchanged. Commission inquiry still preliminary                                   |

## Valuation

| Measure                                        | At \$343.64 | At \$352.81 (25 Sep)              | Comment                                                      |
|------------------------------------------------|-------------|-----------------------------------|--------------------------------------------------------------|
| P/E on FY2026E consensus EPS of \$11.66        | 29.5x       | 30.3x                             | Consensus of 50 analysts                                     |
| P/E on FY2027E base EPS of \$18.45             | 18.6x       | 19.1x                             | Base case unchanged; consensus \$19.38 gives 17.7x           |
| P/E on management's fiscal 2028 figure of \$30 | 11.5x       | 11.8x                             | Management expects to exceed \$30                            |
| Market capitalisation                          | \$1.64tn    | \$1.68tn                          | 4.77bn shares                                                |
| Net debt                                       | \$35.4bn    | \$35.4bn                          | \$59.4bn debt less \$24.0bn cash at the third quarter        |
| Contingent ceilings                            | \$71bn      | \$29bn disclosed, ~\$27bn assumed | Backstop ~\$29bn plus notes \$42bn; not additive in practice |
| Probability-weighted fair value                | \$406       | \$406                             | Heavier bear deduction, otherwise unchanged                  |
| Implied upside                                 | +18.1%      | +15.1%                            | Wider because the price fell                                 |

*Multiples are this report's calculations from the stated inputs. Consensus EPS via StockAnalysis.com (S&P Global), 21 Sep 2026.*

**The macro variables that matter here.** The first is the cost of long-dated capital, because the deployments behind fiscal 2027 and 2028 are increasingly debt-funded and Broadcom now stands behind part of that debt as backstop provider and potential lender. The 10-year yield closed at 5.24% on 1 October after 5.29% on 30 September, near its highest since 2007, with the Federal Reserve at 3.75% to 4.00% after its 16 September increase. Core PCE inflation held at 3.0% in August and ISM manufacturing prices jumped to 77.9 in September, while initial claims stayed low at 197,000; a New York Fed president suggested the next increase could wait until December. None of this slows this quarter's shipments; it raises the price of the vehicles and compresses the multiple on distant earnings. The second variable is physical: power, grid interconnection and construction capacity, which management named as the binding limit. It is largely insensitive to the policy rate over two years.

## Sentiment and Positioning

| Input                     | Reading                                                                                                          | Interpretation                                                           |
|---------------------------|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| Analyst consensus         | Strong Buy: 40 Strong Buy, 7 Buy, 3 Hold across 50 analysts; mean target \$531.85, range \$215.88 to \$715       | Has not been a timing signal through the de-rating                       |
| Recent actions            | Bernstein maintained Buy and a \$575 target on 22 Sep; no rating changes since                                   | Supportive, no new information                                           |
| Insiders                  | No Form 4 since Director Henry Samueli's 10b5-1 sale of about \$250m filed 25 Sep                                | Pre-arranged selling; not read as a signal                               |
| Options                   | 287,580 contracts on 1 Oct against 2.35m open interest; unusual volume relative to open interest in some strikes | Hedging demand rose with the financing news                              |
| Institutional positioning | Mixed, moderate confidence. As of 30 June 2026, filings through 19 August 2026                                   | Leans cautious; see note below                                           |
| News flow                 | Dominated by the Anthropic lending and the \$60bn package; tone mixed                                            | Read as more balance-sheet risk on the day, demand support on reflection |

Consensus via StockAnalysis.com (21 Sep); rating actions and options activity from the moomoo research and news channels; Form 4 from SEC filings.

Institutional positioning reads Mixed, leaning cautious, as of 30 June 2026 with filings through 19 August 2026. Reported holdings show a net reduction of about 1.7% of reported shares over four quarters and 0.3% in the latest quarter, with 36 managers adding and 51 cutting; the four-quarter reduction is concentrated in a single large holder, and five of the last six quarters were slightly negative. Based on reported holdings filed by the cutoff. Late filers are not included, and passive, strategic and mixed holders are left out of the flow measure.

## Technicals

| Indicator                | Value                            | Reading                                                        | At 27 Sep report    |
|--------------------------|----------------------------------|----------------------------------------------------------------|---------------------|
| Price of record (1 Oct)  | \$343.64                         | Down 2.6% since the previous report; 2.3% above the 16 Sep low | \$352.81            |
| SMA 20 / EMA 20          | \$354.20 / \$355.97              | Price 3.0% and 3.5% below                                      | \$358.03 / \$359.12 |
| SMA 50 / EMA 50          | \$373.97 / \$367.65              | Price 8.1% and 6.5% below                                      | \$376.63 / \$370.76 |
| SMA 100 / EMA 100        | \$387.39 / \$373.61              | Price 11.3% and 8.0% below                                     | \$390.35 / \$375.60 |
| SMA 200 / EMA 200        | \$367.42 / \$367.55              | Price 6.5% below both; the re-entry anchor                     | \$368.35 / \$368.45 |
| RSI (14)                 | 39.5                             | Neutral, drifting lower                                        | 43.7                |
| MACD (12,26,9)           | -6.18, signal -6.68, hist. +0.50 | Line negative; histogram still positive but narrowing          | Hist. +1.15         |
| ATR (14)                 | \$10.66, 3.1% of price           | Volatility steady                                              | \$10.95, 3.1%       |
| Volume, 20-day vs 50-day | 26.8m vs 22.8m, +17.5%           | Participation elevated; 1 Oct volume 24.6m on the fall         | +21.5%              |
| 100-session range        | \$335.81 - \$495.00              | Close 2.3% above the low, 30.6% below the high                 | Same range          |

Computed in code from a 300-session Twelve Data daily series to 1 October 2026, all averages from that one series; distances against the \$343.64 price of record.

The 22 September rebound failed at \$366.55, and the 29 September attempt stalled at \$361.86, both below the 200-day average. The 1 October close put the price back under the 20-day average for the first time since mid-September. The 200-day has eased from \$368.35 to \$367.42, so the re-entry level is restated at \$368 rather than \$369; it is recomputed rather than carried forward. A close below \$335.81 would make a third successive lower low. Should the name return to Buy, a stop beneath \$335.81 would sit about 3.0 times the current ATR below the \$368 trigger, a standoff wide enough not to be shaken out by ordinary volatility.

## Risk Register

| Risk                                     | Probability | Severity     | Assessment                                                                                                                                           |
|------------------------------------------|-------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| Customer-financing exposure              | Medium      | Severe       | Ceilings of about \$29bn (backstop) and \$42bn (convertible notes) to a loss-making customer; Broadcom's share of the new senior tranche undisclosed |
| Discount rate                            | High        | Moderate     | 10-year at 5.24%, Fed at 3.75%-4.00%; compresses a multiple anchored on 2027-2028                                                                    |
| Deployment delay rather than demand loss | Medium      | Severe       | Power, grid, permitting and construction push revenue right                                                                                          |
| Customer concentration in frontier labs  | Medium      | Severe       | Anthropic becomes the largest customer in fiscal 2027 and is also a borrower                                                                         |
| Gross margin dilution                    | High        | Moderate     | Guided to about 73% from 75.0%; structural                                                                                                           |
| European Commission action on VMware     | Medium      | Moderate     | Still preliminary; interim measures available                                                                                                        |
| China substitution of networking silicon | Medium      | Low-moderate | Reported survey; exposure not disclosed                                                                                                              |

Probability and severity are this report's assessments. The Risk score of 3/10 below denotes a high-risk profile, consistent with this register.

## Scorecard

| Criterion               | Weight | Score                  |      | Prior | Rationale and what moved                                                                                                                                                        |
|-------------------------|--------|------------------------|------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Business Quality        | 15%    | <div><div></div></div> | 9/10 | 9/10  | Unchanged. Software at roughly 94% gross margin funds the semiconductor franchise; free cash flow was 46% of third-quarter revenue.                                             |
| Financial Strength      | 15%    | <div><div></div></div> | 9/10 | 9/10  | Unchanged on the balance sheet: net debt \$35.4bn against \$13.67bn of quarterly free cash flow. The \$42bn note commitment is contingent and is scored under Risk.             |
| Competitive Advantage   | 15%    | <div><div></div></div> | 9/10 | 9/10  | Unchanged. A \$125.2bn five-year TPU lease commitment by the largest prospective customer deepens the Google-Broadcom TPU position.                                             |
| Management              | 10%    | <div><div></div></div> | 8/10 | 8/10  | Unchanged. The 10-Q disclosed both ceilings, but the company still declines to comment on the new package while it is syndicated.                                               |
| Growth Potential        | 15%    | <div><div></div></div> | 9/10 | 9/10  | Unchanged at 9. The lease commitment underpins the fiscal 2027 line but does not raise it.                                                                                      |
| Valuation               | 15%    | <div><div></div></div> | 7/10 | 7/10  | Unchanged. 18.6x fiscal 2027 base earnings and 11.5x the fiscal 2028 figure, offset by a 10-year yield of 5.24%.                                                                |
| Risk (10 = lowest risk) | 10%    | <div><div></div></div> | 3/10 | 3/10  | Held at 3. Exposure is now bounded by disclosed ceilings of \$29bn and \$42bn, which is larger than modelled but no longer open-ended; the borrower behind both is loss-making. |
| Technical Setup         | 5%     | <div><div></div></div> | 3/10 | 3/10  | Unchanged. Below every major average and 2.3% above the \$335.81 low; MACD histogram still marginally positive.                                                                 |

Scored 1-10, where 10 is always best, including Risk. The 27 September report used the same direction, so no restatement was required. Weighted total computed in code: 77.0 out of 100, against 77.0.

## Overall Investment Score: 77.0 / 100

No score moved. The High development touches two factors in opposite directions: the lease commitment strengthens the evidence behind Growth Potential and Competitive Advantage, both already at 9, and the disclosed note ceiling keeps Risk

at 3 rather than lowering it, because the exposure is larger than modelled but is now bounded and is reportedly being placed with outside lenders. A Risk score of 3 matches a register in which two of seven risks are severe and the largest is a credit exposure to one customer.

## Recommendation

**Rating: WATCHLIST, unchanged.** The reasoning has shifted in one respect. The previous edition cited a growing, unsized guarantee as a reason to wait. That exposure is now sized, at a larger figure than assumed, and it is matched by contracted demand of similar weight, so it no longer argues for waiting on its own. What argues for waiting is the chart and the discount rate: the price is below every major average, closer to the \$335.81 low than to the re-entry level, and the 10-year sits at 5.24%. Tested without the financing development, the verdict is the same.

The level that returns Broadcom to Buy is a **close above \$368**, the 200-day average of \$367.42, 7.1% above the market. At that price the shares would trade near 20 times fiscal 2027 base earnings and the weighted fair value of \$406 would sit about 10% higher. A Buy at that point would carry a new stop beneath \$335.81 and fresh targets. No entry range, stop or target is published now, because no position is held. Fourth-quarter results, expected in mid-December, are the alternative route: AI revenue near the guided \$21.7bn with margin at or above about 73% and a disclosed aggregate exposure would justify revisiting the rating whatever the chart is doing.

| Condition                                                                                                                              | Direction    | Why it changes the view                                     |
|----------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------------------------------------------------|
| A close above \$368, the 200-day simple average                                                                                        | Back to Buy  | Repairs the long-term trend                                 |
| Fourth-quarter results, expected mid-December (not yet announced), confirm AI revenue near \$21.7bn with gross margin at or above ~73% | Toward Buy   | Completes the margin test                                   |
| The \$60bn package syndicates fully to outside investors and the Anthropic IPO completes                                               | Toward Buy   | Moves the credit risk off Broadcom                          |
| Broadcom funds or guarantees most of the \$42bn senior tranche, or notes are drawn before the IPO                                      | Toward Avoid | Makes the equity partly a credit instrument on one customer |
| A close below \$335.81                                                                                                                 | Toward Avoid | A third lower low; extends the downtrend                    |
| The fiscal 2027 or 2028 AI lines are trimmed, or the \$30 fiscal 2028 figure withdrawn                                                 | Toward Avoid | Those figures are the valuation case                        |
| The Commission opens a formal VMware case or imposes interim measures                                                                  | Toward Avoid | Attacks the software cash engine                            |
| Evidence of deployments slipping on power, grid or permitting                                                                          | Toward Avoid | Pushes revenue right                                        |
| Long-dated yields retreat as the Fed signals a pause                                                                                   | Toward Buy   | The compression was mechanical and can reverse              |

Macro rows are directional. Numeric levels are computed averages, company figures and company guidance.

## Scenario Analysis

| Case            | Prob. | FY2027E revenue | FY2027E adj. EPS | Multiple | Fair value   | vs \$343.64 |
|-----------------|-------|-----------------|------------------|----------|--------------|-------------|
| <b>Bull</b>     | 26%   | ~\$178bn        | ~\$19.60         | 27x      | \$529        | +54.0%      |
| <b>Base</b>     | 50%   | ~\$168.5bn      | ~\$18.45         | 23x      | \$424        | +23.5%      |
| <b>Bear</b>     | 24%   | ~\$138bn        | ~\$14.00         | 17x      | \$234        | -31.8%      |
| <b>Weighted</b> | 100%  |                 |                  |          | <b>\$406</b> | +18.1%      |

Probabilities sum to 100%. The bear value is 17 times \$14.00 less \$3.72 a share of modelled loss (\$1.52 backstop, \$2.20 notes), giving \$234.28. Weighted value \$405.99, computed in code; without the note commitment \$406.52.

Each case now names the financing outcome it assumes. Bull: deployments run ahead of secured supply, margin holds near 73%, the package places with outside lenders and the notes are never drawn. Base: the guided path is delivered, the IPO completes and no backstop or note loss arises. Bear: power and construction delays push deployment right or Anthropic's funding falters, gross margin falls toward 62%, and a quarter of both ceilings is lost. Probabilities are

unchanged: the new evidence raises demand visibility and credit exposure in roughly equal measure, and a reported prospectus is not strong enough to move them.

## Final Verdict

Would this report's author own Broadcom today? Not yet. The business case improved in one specific way this week: the largest prospective customer has, as reported, a \$125.2bn five-year commitment on paper, which is better evidence for fiscal 2027 than any management target. The cost of that evidence is that Broadcom has agreed to lend up to \$42bn to the same customer, on top of a \$29bn backstop. At 18.6 times fiscal 2027 base earnings the valuation absorbs that, and the weighted fair value sits about 18% above the price.

The single biggest concern is no longer the size of the exposure but who ends up carrying it, and the next fortnight of syndication will answer much of that. The rating does not move because the price structure that would justify a Buy has not repaired: the shares are below the 200-day average and nearer the September low than the trigger. A close above \$368, or a December quarter that confirms the AI line and margin, brings the name back to Buy with fresh levels. The financing development informed this answer but did not decide it.

## Sources

- Company: Broadcom Form 10-Q for the quarter ended 2 August 2026 (filed 10 September 2026); fiscal third-quarter 2026 results release of 2 September 2026; AST Singapore substrate facility release, 30 September 2026 ([investors.broadcom.com](https://investors.broadcom.com)); 424B3 prospectus of 18 September 2026 ([sec.gov](https://sec.gov))
- Anthropic prospectus details: Reuters, 1 October 2026, via CNBC, The Star and Benzinga; Anthropic financial figures via Yahoo Finance, 1 October 2026
- Financing package: Bloomberg, 2 October 2026, via Yahoo Finance (Reuters brief) and Dataconomy; earlier package reports: Bloomberg 20 August and CNBC 21 August 2026
- AST plant details: Evertiq and Digitimes, 30 September 2026
- Price of record: Alpha Vantage global quote, 1 October 2026. Technicals: Twelve Data daily series of 300 completed sessions to 1 October 2026, computed in code
- Consensus and targets: StockAnalysis.com (S&P Global), 21 September 2026. Ratings, notices and options activity: moomoo news, notice and research channels, 2 October 2026
- Macro: Beating The Bull economic data posts of 11, 17, 29 and 30 September and 1 October 2026; Federal Reserve statement of 16 September 2026
- Institutional positioning: Q2 2026 13F holdings read, quarter ended 30 June 2026, filings through 19 August 2026
- Earnings call of 2 September 2026: as reviewed for the 3 September report; no call has taken place since

This report is informational only and is not financial advice, nor a recommendation to buy or sell any security. It reflects the author's assessment as at 2 October 2026 and may change without notice. Fiscal 2027 earnings, scenario values, loss sizing and fair values are this report's calculations and are not company measures. Items described as reported have not been confirmed by Broadcom.