

BITCOINTREASURIES.NET RESEARCH · TREASURY MARKET INSIGHTS

Bitcoin Digital Credit Report.

A primer on preferred equity as the next instrument of corporate bitcoin financing: total addressable market, product landscape, issuer requirements, and the risks that remain.

IN PARTNERSHIP WITH



BitcoinTreasuries.net Research
Issued June 2026

Dividend-backed stablecoin built on **DAT preferred equity**.

Apyx is the first Dividend-Backed Dollar (DBD) protocol backed by variable rate perpetual preferred stock such as STRC issued by Strategy (MSTR). For treasuries and allocators exploring preferred equity as a financing tool, Apyx offers a direct way to hold that exposure inside a DeFi ecosystem.

Apyx uses a dual-asset structure that separates stability from yield. apxUSD is the overcollateralized stablecoin, backed by preferred equity, treasury bills, and cash. apyUSD is the yield wrapper, accruing yield from the dividend cash flows from dividends paid by Bitcoin treasury companies such as Strategy (MSTR).

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Key figures, June 2026

~\$13B

BITCOIN-BACKED
PREFERRED MARKET CAP

3.8–4.5×

COLLATERAL COVERAGE
RATIO

10.8–15.2%

EFFECTIVE YIELD RANGE

\$65–130B

LONG-TERM TAM (2030+)

All data current to mid-June 2026 unless otherwise noted. Market values refresh hourly on the BitcoinTreasuries.net Digital Credit dashboard.

Executive summary

The growing role of bitcoin on corporate balance sheets has created new financing structures that aim to capitalize on the cryptocurrency's volatility without undermining long-term shareholder value.

As bitcoin treasury firms scale, these firms face a capital allocation challenge: the need to raise large amounts of long-duration capital without diluting common equity or introducing refinancing risk.

Simultaneously, some investors can only invest in fixed-income markets or seek predictable income without volatility.

Bitcoin-backed financing has historically taken the form of collateralized loans and convertible bonds. While effective in certain market conditions, these instruments introduce structural constraints that limit their suitability as a funding solution, such as margin call risk, short maturities, and balance-sheet leverage.

This report focuses on the emergence of preferred shares issued by treasury companies and backed by bitcoin. Despite its nascent status, preferred equity issuance has swelled into a multi-billion-dollar market, attracting curiosity from fixed-income investors, institutional allocators, and entrepreneurs.

The research explains how preferred shares act as the next step of bitcoin credit by evaluating the addressable market size, alternative forms of digital credit, the current product landscape, issuer eligibility requirements, associated risks, and the rationale of investors and issuers.

CORE FINDING

Bitcoin-backed preferred equity occupies approximately 1% of the \$1.3 trillion global preferred market today, already at the low end of the near-term TAM scenario range (\$13–\$26 billion). That share is positioned to scale to between 3–5% medium-term (\$39–\$65 billion) and 5–10% long-term (\$65–\$130 billion). Investor appetite still exceeds available issuance capacity at the upper end of these ranges.

Total addressable market

The total addressable market for preferred shares as a funding mechanism for bitcoin treasury firms can be calculated in a number of ways, but this report focuses on two complementary methodologies: **demand-side capacity** versus **supply-side constraint**.

1. Demand side: fixed-income institutional capital¹

Bitcoin-backed preferred securities represented approximately **\$13 billion in market capitalization** as of mid-June 2026, out of the **\$1.3 trillion global preferred market** — or approximately 1% market share, according to investment manager Cohen & Steers. This positions the asset class at the low end of our near-term TAM scenario range (\$13–\$26 billion), with continued growth to \$26 billion representing roughly 2x expansion.

This ~1% position still points to the asset class's early stage, with issuance concentrated in a single firm and limited institutional adoption due to a number of factors:

- Credit quality constraints
- A short track record
- A lack of diversification beyond Strategy

As these barriers decrease, bitcoin-backed preferred equity is positioned to increase its share of the preferreds market. The demand-side total addressable market is based on bitcoin-backed preferreds capturing a greater share of the \$1.3 trillion preferreds market as institutional adoption increases.

T1 DEMAND-SIDE TAM SCENARIOS

SCENARIO	MARKET SHARE	TAM	TIMEFRAME
Near-term	1–2%	\$13–\$26 billion	2026–2027
Medium-term	3–5%	\$39–\$65 billion	2028–2030
Long-term	5–10%	\$65–\$130 billion	2030+

Apyx scenarios applied to the Cohen & Steers \$1.3 trillion global preferred market.

In the near-term, the total addressable market of bitcoin preferred shares ranges between \$13 billion and \$26 billion, an increase from the current market share of less than 1%. Factors driving the conservative growth stem from increased institutional familiarity with bitcoin as a treasury asset, emergence of additional issuers beyond Strategy, and potential credit ratings from major agencies.

Meanwhile, fixed-income institutions — namely mutual funds, banks, pensions, and insurance entities — have combined US Treasury holdings of \$10.9 trillion, according to a [January research report](#) from the Securities Industry

and Financial Markets Association. The \$10.9 trillion in US institutional Treasury holdings provides validation that a sufficient amount of capital exists to support the projected near-term total addressable market.

A 10 basis point reallocation of the \$10.9 trillion translates to an implied demand of \$10.9 billion, while a 20 basis point reallocation would stand at \$21.8 billion. The 10 and 20 basis point reallocation calculations are proof-of-scale that a near-term total addressable market between \$13–\$26 billion can be achieved through shifts in institutional allocation patterns, even from US Treasury holders alone.

The demand-side analysis points to institutional fixed-income capital availability exceeding current market size. Based on the scenarios above, the bitcoin-backed preferred market is positioned to scale 2–3x in the near term (\$13–\$26 billion) and 5–7x in the medium term (\$39–\$65 billion) as structural barriers are addressed.

2. Supply side: available collateral and growth from corporate cash²

Bitcoin-backed preferred equity is constrained by the amount of allocated bitcoin. The total circulating supply of bitcoin stands at 20 million:

- Spot ETFs trading in the US hold 1.6 million bitcoins
- Public treasury firms account for approximately 1.2 million bitcoins
- Miners have a 1.8 million bitcoin stash
- Exchanges have 2.7 million BTC

Critical exclusions: spot ETF holdings and exchange balances represent customer assets under custody. As such, the bitcoin held within these two groups cannot be used as collateral for corporate preferred share issuance. Mining company holdings are also structurally constrained, because these firms sell a portion of their mined bitcoin to cover the cost of operation.

The approximately 1.26 million BTC residing within public company treasuries are potentially available for preferred share collateralization under appropriate governance. The bitcoin held in corporate treasuries represents around \$83 billion in collateral value at roughly \$66,000 per bitcoin in mid-June 2026, though this market is extremely concentrated. Of the ~1.26 million held by public companies, Strategy holds ~845,000 BTC — approximately 67% of the total.

The supply-side opportunity comes from new cash flowing into bitcoin treasury strategies from the **\$8 trillion worth of global corporate reserves**, according to a 2025 report from HEC Paris.

The model estimates the total amount of BTC inflows from cash:

1. This analysis references the global preferred securities market, with U.S. institutional capital used as a validation benchmark.

2. This report models issuance capacity by estimating how much preferred equity can safely be issued against bitcoin collateral under conservative standards.

T2 BTC INFLOWS FROM CORPORATE CASH, SCENARIOS

ADOPTION SCENARIO	% OF \$8T → BTC	BTC INFLOWS	TIMEFRAME
Conservative	0.5%	\$40 billion	2026–2027
Base	1.0%	\$80 billion	2026–2028
Aggressive	2.0%	\$160 billion	2026–2030

The methodology models the percentage of total amount of BTC inflows that will be used as collateral for preferred issuance:

T3 SHARE OF BTC INFLOWS USED AS PREFERRED COLLATERAL

SCENARIO	BTC INFLOWS	% AS COLLATERAL	COLLATERAL VALUE
Conservative	\$40 billion	10%	\$4 billion
Base	\$80 billion	15%	\$12 billion
Aggressive	\$160 billion	20%	\$32 billion

Strategy's collateralization ratio as of mid-June 2026 stands at approximately 4.5x — at ~845,000 BTC its bitcoin treasury is worth roughly \$55.5 billion, while the combined market capitalization of its preferred equity in the US stands at approximately \$12.5 billion. For every \$1 of preferred equity, Strategy holds about \$4.50 in bitcoin. When using Strategy's overcollateralization standard, issuance capacity ranges between \$890 million and \$7.1 billion.

Strive has a collateralization ratio of approximately 3.75x given its \$1.24 billion bitcoin treasury and its \$330 million market cap for its preferred stock as of mid-June 2026. Issuance capacity range adjusted for growth in corporate cash using Strive's ratio is \$1.1 billion conservatively and \$8.5 billion aggressively.

T4 SUPPLY-SIDE TAM, CURRENT AND PROJECTED

CASE	CURRENT	@ 4.5× RATIO (STRATEGY)	@ 3.75× RATIO (STRIVE)	TAM RANGE
Conservative	\$13B	\$0.9B	\$1.1B	~\$14B
Base	\$13B	\$2.7B	\$3.2B	~\$16B
Aggressive	\$13B	\$7.1B	\$8.5B	~\$20–21B

The June 2026 market cap of approximately \$13 billion worth of bitcoin-backed preferreds serves as the baseline. The TAM of \$14 billion to \$21 billion represents the range between conservative and aggressive scenarios, implying \$1 billion to \$8.5 billion in net new issuance beyond current levels. The TAM range reflects both market standards set by market leader Strategy and newer entrant Strive.

If corporate treasuries begin allocating 0.5% to 2% of their global cash balances into bitcoin, preferred issuance in its base case scales toward \$16 billion, with a total addressable market upside surpassing \$20 billion under less conservative collateralization assumptions. The gap between demand and supply TAM reflects a supply-constrained market where investor appetite still exceeds issuance capacity at the upper end.

3. Reconciliation of demand and supply

The methodologies to gauge the total addressable market supply and demand side produced different ranges.

The near-term **demand side TAM** stands at \$13 to \$26 billion, representing institutional capital availability and investor appetite helping bitcoin-backed preferred securities gain a greater market share of the \$1.3 trillion global preferred market.

The **supply-side TAM** ranges from \$14 billion to \$21 billion, combining the conservative and aggressive cases of overcollateralization standards and how much bitcoin is allocated toward preferred equity.

STRUCTURAL IMPLICATION

The gap between demand and supply TAM highlights a supply-constrained market where investor appetite exceeds issuance capacity. This dynamic implies structurally favorable conditions for issuers, as limited supply of bitcoin-backed preferreds meets institutional demand.

Who can issue preferred shares

Not every company can or should issue preferred shares. Strive's Walton noted several requirements a firm should have ready before joining the bitcoin digital credit arena.

The first requirements for the greatest chance of success in issuing a perpetual preferred equity are **market trust and a balance sheet scale** to support a \$100 million+ issuance. The issuance size figure is a constraint, "but the encumbrance of the current balance sheet is likely a bigger constraint," Walton told Bitcoin Treasuries.

Companies that have 'encumbered Bitcoin' i.e. secured loans, convertible notes, etc, will have a far more difficult time issuing PPE [perpetual preferred equity], as the senior secured instruments are senior in capital position relative to the PPE on the balance sheet. A clean and clear capital structure plus scale is necessary.

JEFF WALTON · CHIEF RISK OFFICER, STRIVE

Having a **clear articulation of risk** is also mandatory, especially when convertible debt is involved, because the debt alters the risk profile of preferred security. Walton said that even if Strive raised \$750 million, the presence of \$100 million senior convertible debt ahead of the perpetual preferred would likely have prevented the firm's transaction from moving forward.

A **minimum issuance size of \$100 million** is a theoretical threshold to support a liquid trading instrument. Below this level, the preferreds are adversely affected by the lack of liquidity, making them unattractive to buyers. Walton said the market appetite for perpetual preferred equity is larger as the issuance increases, because better liquidity and lower spreads translate to higher chances of success.

Another requirement is having a **credible team** to understand the financial complexity of issuing preferred shares, including tax treatment, covenant design, and dividend policies. A company needs personnel who understand the relationship between the volatility of bitcoin's price and fixed-income obligations to maintain dividends and meet investor expectations.

Forms of digital credit

Bitcoin-backed digital credit has historically entailed **collateralized bitcoin loans** and **convertible bonds**. Celsius and BlockFi entered the collateralized bitcoin lending market before 2019, though both filed for bankruptcy. Crypto protocol Aave enables users to deposit their wrapped bitcoin holdings and borrow stablecoins pegged to the US dollar, while Strategy first issued convertible notes as early as December 2020.

Collateralized loans

Collateralized bitcoin loans occur when people or institutions have bitcoin and give their holdings to a third party as a means to acquire a credit product. Effectively, a third party is willing to lend dollars in exchange for repayment plus interest at a future point in time. For example, Ledn, a firm that allows its customers to receive a bitcoin-backed loan, has funded almost \$10.8 billion in loans since 2018.

This bitcoin digital credit in the form of collateralized loans has its limitations, entailing margin calls and specified timeframes — namely short ones. If the market is volatile, players with loans need to reup capital to make sure the probability of their loan getting repaid remains high.

Convertible bonds

An alternative form of bitcoin digital credit is the convertible bond, a kind of financial note that can be converted to shares of common stock of the issuing company. Famously employed by leading bitcoin treasury firm Strategy, the proceeds of selling convertible bonds have been used to acquire bitcoin. The market value of Strategy's total convertible bonds stands at ~\$6.2 billion as of mid-2026.

The sale of convertible bonds can be used to purchase bitcoin, but they are marked as debt on a company's balance sheet, hurting a firm's equity value. Convertible bonds are also not publicly available for retail investors. Strategy first issued these notes in 2020 and in February 2025 it announced selling \$2 billion worth of convertible bonds "only to persons reasonably believed to be qualified institutional buyers," according to Strategy's SEC filing.

Rationale of investors

Buyers of preferred shares aim to generate a predictable income. Even though bitcoin's return over the last decade has been positive, holding the cryptocurrency doesn't provide stable cash flow as its price has been volatile.

Bitcoin price, 2016–2026

USD close, log scale · through 15 June 2026



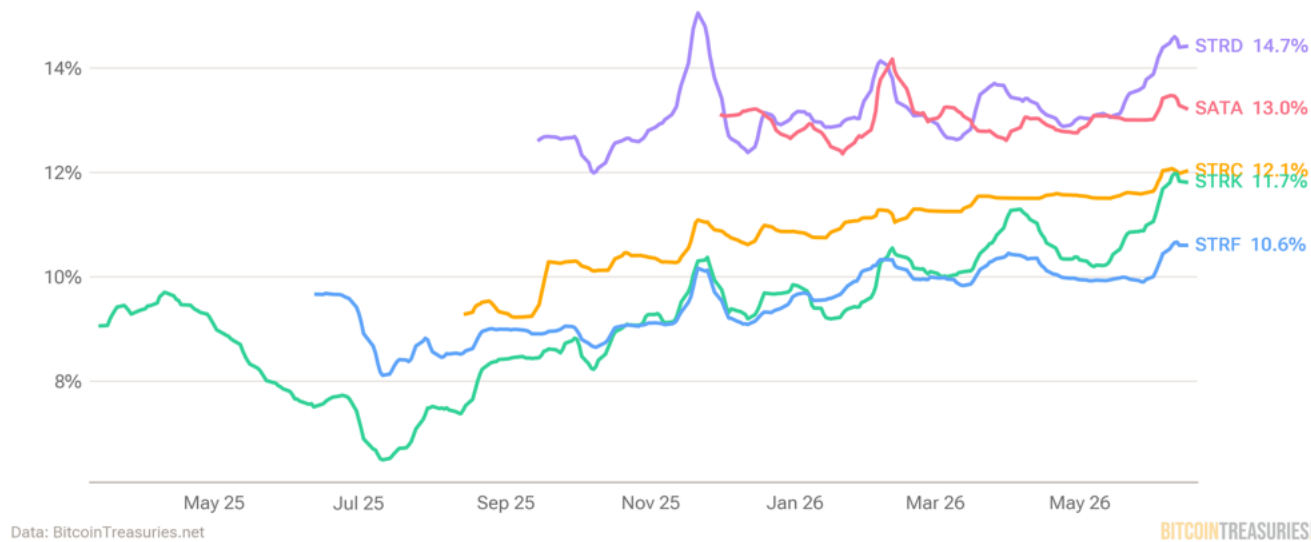
The price of bitcoin traded below \$370 in February 2016 and stood around the mid-\$60,000s as of mid-June 2026. Chart and data: BitcoinTreasuries.net

Despite recording roughly a 180x increase in the last ten years, bitcoin has seen 60%+ drawdowns. In December 2017, BTC climbed to around \$20,000 before sliding to the \$3,200 level by December 2018. In November 2021, the cryptocurrency posted a new all-time high near the \$68,000 level, before returning to sub-\$15,000 a year later. Most recently bitcoin jumped to \$124,720 in October 2025 before settling around the mid-\$60,000s as of mid-June 2026 — a drawdown of roughly 47% over about eight months.

Preferred shares offer investors who want cash flow, especially during a downswing. For those seeking consistent yield in traditional fixed income markets, the yield is low. Bank deposits into high-yield savings accounts in most banks generate an annual percentage yield between 3% to 4%, such as [American Express](#), [Capital One](#), and [SoFi](#). Buyers want preferred shares because they want to earn a predictable income from bitcoin without the asset's volatility and have the yield be higher than traditional markets.

Effective yield of bitcoin-backed preferred shares

Annualized dividend rate ÷ market price, 5-day average · through 15 June 2026



The annualized yields of the five preferred shares range from as high as 15.2% (STRD) to as low as 10.8% (STRF) as of mid-June 2026, exceeding that of traditional fixed income markets. Chart and data: BitcoinTreasuries.net

Holders of Strategy's preferred shares also benefit from a tax benefit in the way the firm funds its dividends. Strategy announced this year that 100% of distributions paid in 2025 on its preferred shares were treated as a nontaxable return of capital. "The distributions reduce a shareholder's tax basis in the applicable preferred equity instruments," according to a Strategy press release.

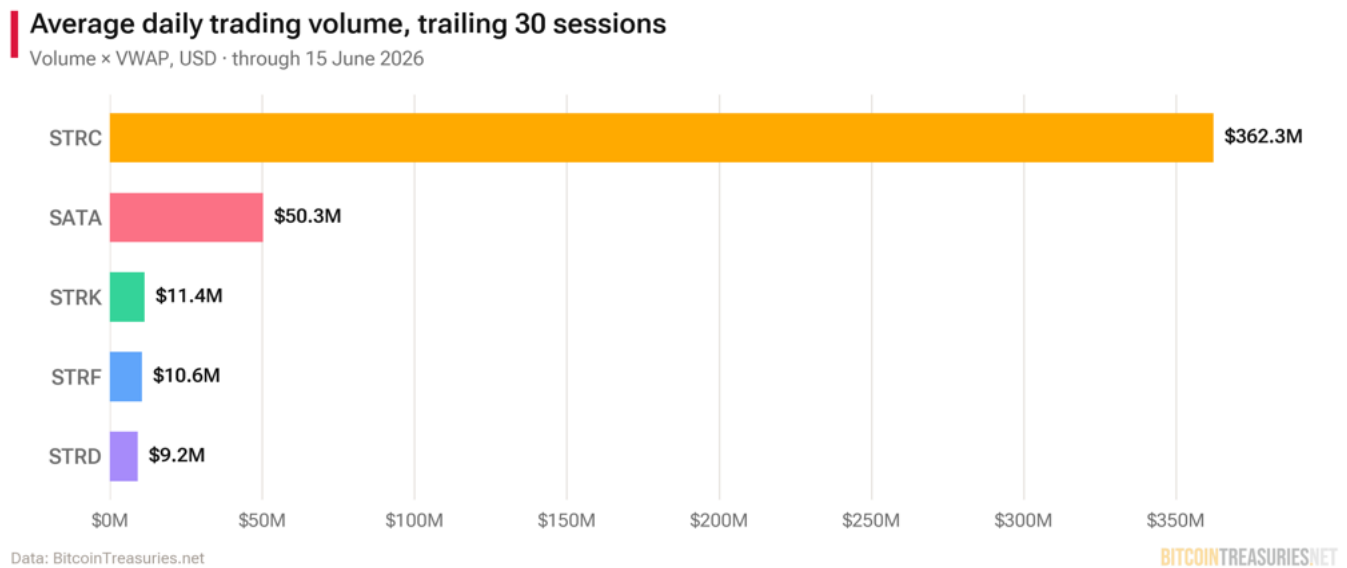
Meanwhile, preferred shares are indirectly overcollateralized by bitcoin — the cryptocurrency with the most amount of global liquidity, tradeable 24/7, anywhere with the internet. Preferred shares backed by bitcoin offer transparent collateral: a single liquid asset with a clear capital structure. In traditional credit markets, collateral can be heterogeneous, where multiple asset types are pooled together and structures are complex. Even though many forms of traditional collateral are backed by liquid collateral, others are not — such as mortgages wrapped into a security or aircraft engine leases tied to a financial instrument.

While Strategy says its preferred securities are not collateralized by its bitcoin holdings, the company has multiples more worth of bitcoin for every dollar worth of preferred equity issued. Strategy's preferred shares have a combined market cap of approximately \$12.5 billion as of June 2026, a fraction of its total bitcoin treasury of ~845,000 BTC worth approximately \$55.5 billion as of mid-June 2026.

For large bank consumer mortgage originations, the 50th percentile loan-to-value ratio in Q3 2025 was 76, according to data from the Federal Reserve Bank of Philadelphia. This ratio represents the loan amount divided by the appraised value of the property securing the mortgage, meaning banks advance \$0.76 to homeowners for every \$1.00 of a property's value.

Bitcoin-backed preferred shares, by contrast, maintain collateral coverage ratios of 3.8x to 4.5x, which means issuers hold \$3.80–\$4.50 of bitcoin for every \$1.00 of preferred equity outstanding. This represents a substantially more conservative collateralization than traditional lending markets, such as consumer mortgage originations, reflecting bitcoin's volatility and standards set to attract institutional investment.

Not only is the collateral for preferred shares liquid, but the credit instruments are too as shown by their trading volume. Strategy's Stretch preferred shares averaged in the past 30 days over \$362 million in daily trading volume, the most among the firm's cohort of preferred shares.



The figures of the other four preferred shares — STRD, SATA, STRF, and STRK — range from \$9 million to \$50 million in the same period. Trading volume points to consistent liquidity across bitcoin-backed preferred equity. Chart and data: BitcoinTreasuries.net

Preferred stock trading at or above par points to healthy secondary-market depth, allowing investors to deploy capital with confidence that liquidity exists near face value.

According to Jeff Walton, chief risk officer at bitcoin treasury firm Strive, preferred shares are superior to traditional instruments.

In my opinion, the security of these instruments is significantly higher than 95% of the bonds in the market. And why is that? Because they're actually backed by capital, not future cash flows.

JEFF WALTON · CHIEF RISK OFFICER, STRIVE

Rationale for issuers

Companies like Strategy, Strive, and Metaplanet accumulate bitcoin based on the expectation that its compound annual growth rate exceeds the cost of dollar-denominated capital. This capital can be raised through common equity, convertible debt, or preferred shares. Even though all three mechanisms provide proceeds to purchase bitcoin, they differ materially in how they impact shareholder value and balance-sheet risk.

Common equity issuance

When a firm issues common stock, it raises funds by selling newly created shares, thereby increasing the total number of outstanding shares but diluting existing shareholders' ownership percentage. For bitcoin treasury firms, the primary performance metric is bitcoin per share rather than earnings per share. Equity issuance is therefore beneficial only when it is accretive to the metric.

Net asset value (NAV) for a bitcoin treasury firm represents the value of its bitcoin holdings minus total liabilities, divided by total shares outstanding, while **mNAV** measures the ratio of the firm's valuation to the value of its bitcoin holdings. Three variants are commonly used: basic mNAV uses common equity market cap, fully diluted mNAV adjusts for options and convertible dilution, and enterprise value mNAV includes net debt and preferred equity. When a company's common shares trade above 1.0x mNAV — meaning the market values the shares above the underlying bitcoin per share — the firm can exploit this premium through accretive common equity issuance.

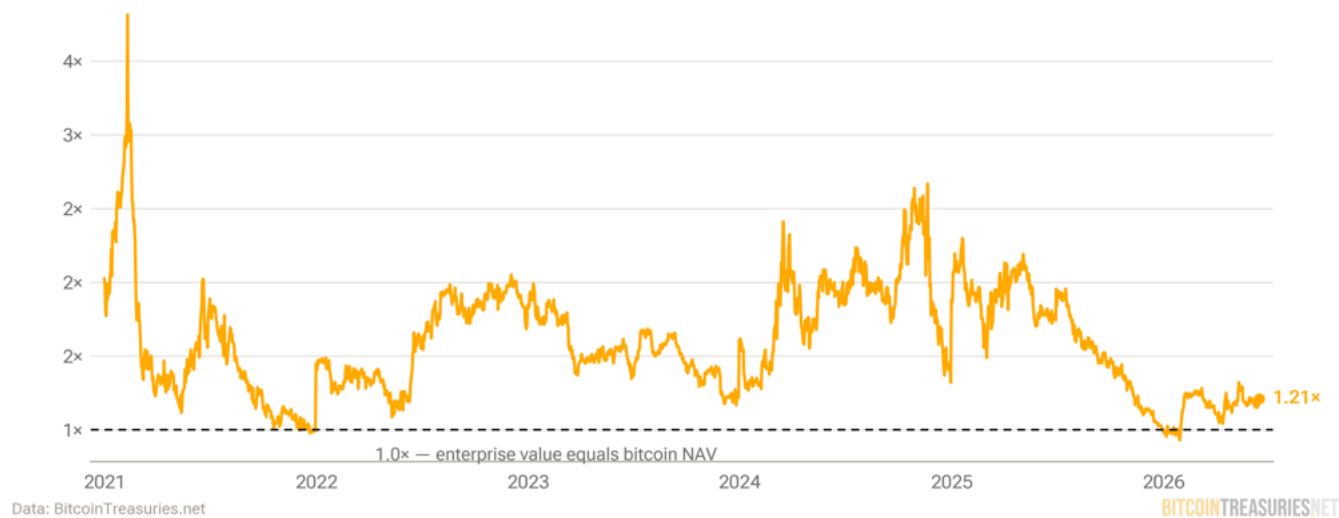
When common shares are issued at a premium to NAV and proceeds are used to acquire bitcoin, each new share brings in more cash than the NAV dilution it causes. The spread between issuance price and NAV per share is accretive to existing shareholders, increasing the bitcoin backing per share even as the total number of shares rises.

By contrast, when shares are issued at or below net asset value, or when proceeds raised fail to increase proportionally the firm's bitcoin holdings, bitcoin per share remains unchanged or declines. This undermines the firm's treasury strategy. Each new share is sold for no more bitcoin value than existing shares already represent, which means the firm is not extracting incremental value from the market. For existing shareholders, their value is destroyed when the firm sells common stock below 1.0x mNAV as each new share brings in less cash than the bitcoin value it represents.

If issuance results in flat or declining bitcoin per share, the company is failing at its goal. Equity issuance turns counterproductive rather than accretive. Share issuance is warranted when it maximizes bitcoin per share over time.

Strategy enterprise value mNAV, 2021–2026

Enterprise value ÷ bitcoin net asset value · through 15 June 2026



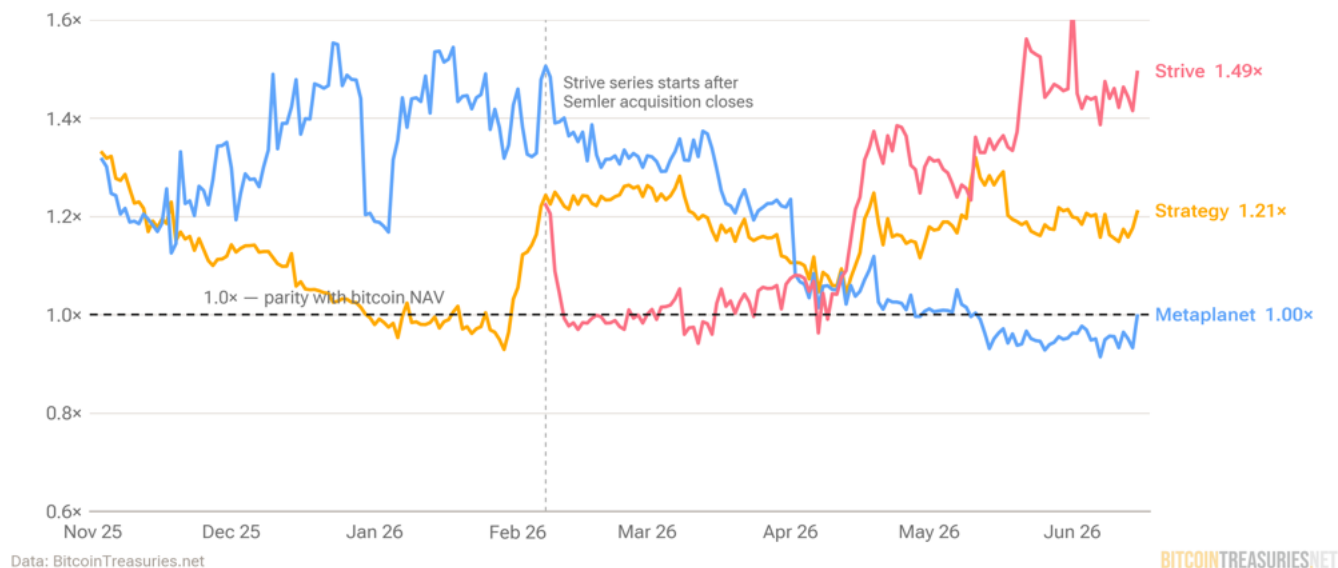
Strategy trades at approximately 1.17x enterprise value mNAV as of mid-June 2026, meaning the market values the firm's enterprise (common equity plus net debt plus preferred) at a premium to its underlying bitcoin holdings. At the common-equity level, however, fully diluted mNAV remains below 1.0x. Chart and data: BitcoinTreasuries.net

When the stock trades below per-share NAV, common equity issuance dilutes bitcoin per share and is value-destructive. This is why common issuance is unreliable as a funding lever in market conditions where the equity is depressed.

Preferred issuance does not face this constraint. Proceeds add bitcoin to the treasury at face value, and the resulting dividend is a cash cost to the company rather than dilution to common shareholders.

Enterprise value mNAV across bitcoin treasury companies

November 2025 – June 2026 · 1.0x = parity with bitcoin NAV



Across the major bitcoin treasury companies, enterprise value mNAV has fluctuated throughout 2025 and into 2026, but has persistently remained above 1.0x. Chart and data: BitcoinTreasuries.net

Convertible debt

Convertible debt allows a firm to raise capital while delaying dilution, since conversion into common shares occurs under certain conditions. Unlike common equity, convertible bonds appear as debt on the firm's balance sheet, which can increase reported leverage and affect financial ratios. The impact of convertible debt is asymmetric and carries several risks that can adversely impact bitcoin per share.

If the stock price remains below the conversion price at maturity, the firm must repay principal in cash, along with interest obligations, which can strain liquidity and require refinancing under unfavorable conditions. If the stock rises above the conversion price, bondholders are likely to convert — creating delayed dilution that increases share count and can reduce bitcoin per share.

Strategy's outstanding convertible notes are years away from maturity, with a weighted-average conversion price of \$370 across \$6.7 billion in notional, well above the firm's current common stock price and putting the entire stack out of the money.

Boardroom executives should evaluate convertible debt through various angles: timing of the conversion, the cash cost of interest and principal repayment, the NAV-at-issuance, and the magnitude of potential dilution relative to BTC-per-share goals.

Preferred shares

Preferred shares offer bitcoin treasury firms a way to raise capital while avoiding the disadvantages of common equity and convertible debt. When a firm issues preferred stock, the number of common shares outstanding does not

increase, avoiding the principal issue of shareholder dilution. Preferred shares are classified as equity, not debt — which typically has fixed maturities and mandatory repayment obligations.

Strive is using the preferred equity route to retire debt and reduce future maturity risk. On January 28, the firm [announced](#) the closing of its follow-on offering of 1.3 million SATA preferred shares at a public offering price of \$90 per share. The proceeds from this closing retired \$110 million out of the \$120 million worth of debt Strive assumed from its acquisition of Semler Scientific, with the remaining debt to be retired by April. 100% of Strive's bitcoin holdings now are unencumbered, the press release stated.

Certain preferred shares also include covenants that allow holders to appoint a board member if dividends are unpaid, providing limited investor protections without threatening solvency.

WHY PREFERRED SHARES NOW

As long as bitcoin appreciates at a rate greater than the preferred dividend yield, the company can increase bitcoin per share indefinitely and benefit common shareholders without dilution. Preferred shares allow bitcoin treasury firms to convert bitcoin's volatility into a yield product for income investors and preserve long-term compounding for equity holders. This is why preferred shares are having their 0 to 1 moment — they provide a means to raise large amounts of capital, avoid dilution, eliminate refinancing risk and increase bitcoin per share.

Even though the yield on bitcoin digital credit stems from the ability to continuously raise capital against appreciating bitcoin, other ways to generate dividends include using cash flows from the company's operating business or a USD reserve. Strategy [announced](#) in December 2025 its US dollar reserve of \$1.44 billion to support dividend payments on its preferred stock and interest on outstanding indebtedness. The figure at the time was enough to last at least twelve months of dividend payments.

Strive also disclosed its dividend reserve enough to cover 12 months, according to a November [press release](#). In the worst case scenario, both firms can also sell their bitcoin if needed to pay the preferred shares dividends.

Product landscape

Five digital credit instruments backed by bitcoin make up the lion's share of the US market. Strategy's umbrella of preferred securities — STRC, STRF, STRK, and STRD — has a total market capitalization of approximately \$12.5 billion as of mid-June 2026. Strive's preferred equity SATA holds an approximately \$330 million market cap as of mid-June 2026.

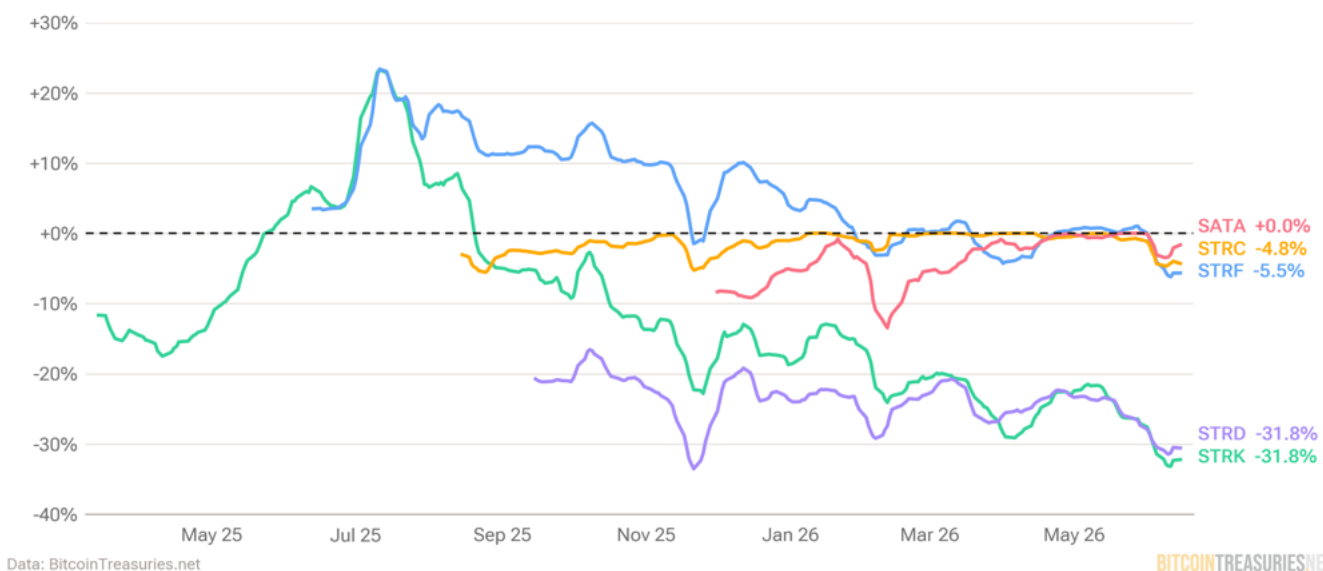
Strategy paid \$229.5 million in preferred stock dividends in Q1 2026, more than \$90 million above the \$140 million paid in Q3 2025 as the preferred stack continues to grow. "We offer multiple types of securities to obtain broad access to equity and credit investors," Strategy said in its latest 10-Q. "We intentionally structure our preferred stock instruments to target investors interested in gaining economic exposure to bitcoin across a wide spectrum of yield, duration, and risk tolerance preferences."

T5 STRATEGY PREFERRED SHARE LINE-UP

TICKER	NAME	TARGET INVESTOR
STRF	Strife	Income-focused investors with lower risk tolerance
STRC	Stretch	Income-focused investors seeking short duration
STRK	Strike	Investors seeking yield with greater potential for price appreciation due to convertibility
STRD	Stride	Investors seeking higher yields

Premium / discount to par value

Closing price vs. \$100 par, 5-day average · through 15 June 2026



STRK, STRD, and STRF currently trade at discounts to their \$100 par value. In recent months, both SATA and STRC have periodically traded at or near par, with both instruments often slipping below par around ex-dividend dates before drifting back. Chart and data: BitcoinTreasuries.net

Risks

The fundamental premise behind bitcoin treasury firms is that *the compounded annual growth rate of bitcoin's price will be higher than the cost of capital*. The spread becomes the dividend the firm pays to preferred share holders and the yield needed to pay for the convertible bonds.

A skeptical, risk-averse investor is correct about being cautious towards the negative flywheel. Strategy's shares acts as a volatility amplifier for bitcoin price action: when bitcoin's price declines, Strategy's will dip more, compressing the firm's mNAV premium if any, according to Tony Lau, an investment partner at Primitive Ventures.

This could lead to a cascade effect on Strategy's stock prices.

TONY LAU · INVESTMENT PARTNER, PRIMITIVE VENTURES

Strategy's common stock MSTR is down double-digit percent in the past year, declining more than the price of bitcoin. Among the bitcoin-backed preferreds, STRK, STRD, and STRF currently trade at clear discounts to their \$100 par value. SATA and STRC have periodically traded at or near par in recent months, with both instruments often slipping below par around ex-dividend dates.

Despite the negative flywheel, Lau isn't concerned with Strategy as he pointed to the firm's ratio between bitcoin holdings and debt, stating the firm is not overleveraged. The risk bitcoin treasury firms take during preferred issuance is whether the rate of price increase will be higher than the cost of digital credit, because the difference is the dividend needed to pay for the converts and preferred shares.

Strategy's balance sheet is safe unless bitcoin falls to \$8,000 and remains at the mark for five or six years, according to Strategy CEO Phong Le in an [earnings call](#) in February 2026.

That is the point at which our bitcoin reserve equals our net debt, and we will not be able to then pay off our convertibles using our Bitcoin reserve, and we'd either look at restructuring, issuing additional equity, issuing additional debt.

PHONG LE · CEO, STRATEGY

Conclusion

Bitcoin-backed preferred shares remain a novel way for companies to fundraise long-duration capital instead of issuing common equity or convertible debt. For buyers of preferred shares, they can access a predictable income while retaining exposure to bitcoin's expected price rise.

Beyond demystifying the role of preferred shares in the bitcoin treasury landscape, this research report serves as a practical primer to equip corporate executives, capital allocators, and professionals with a framework to evaluate bitcoin-backed securities.

Despite its move to the mainstream, the cryptocurrency remains volatile, but even with dramatic price corrections, the structural case for bitcoin-backed preferred shares remains intact. Preferred shareholders benefit from dividend obligations, seniority in capital structure, and economic collateralization ratio of 3x–7.5x.

Preferred shares are compelling in volatile times, because investors access a predictable stream of income with bitcoin upside, while issuers can secure capital without diluting equity holders.

Built on data **that matters.**

BitcoinTreasuries.net is the leading destination for data, news, and analysis on institutional Bitcoin adoption. Coverage includes bitcoin and digital-asset holdings across public companies, private companies, funds, DeFi, and governments.

The BitcoinTreasuries research desk publishes monthly reports, ad-hoc analysis, and primary-source coverage of the Bitcoin treasury industry. Topics include preferred-equity issuance, convertible debt structures, sovereign accumulation, and ETF flow dynamics.

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