Strategy₿

BITCOIN
Investor Guide

Digital Capital for the 21st Century

A practical guide to Bitcoin's monetary properties, investment case, market structure, portfolio role, custody and risks.

For professional investors, private investors, bankers, advisers and capital allocators

21M	100M	~10 MIN	24 / 7
MAXIMUM SUPPLY	**SATS PER BTC**	**TARGET BLOCK TIME**	**GLOBAL MARKET**
Consensus limit	Native divisibility	Probabilistic settlement	No market close

Core thesis

We believe bitcoin is no longer only a speculative asset and is becoming the foundation of a new digital capital market: a scarce, open, global reserve asset around which equity, credit, debt, derivatives and money can be engineered.

IMPORTANT STRUCTURAL NOTE

Bitcoin has no issuer, maturity, contractual cash flow or promise of repayment. Its price is highly volatile and can decline materially. Ownership, custody, exchange-traded products, corporate securities and derivatives create different legal, operational and counterparty risks. There is no guarantee of liquidity, positive return or preservation of principal. Past performance is not indicative of future results.

01 | EXECUTIVE OVERVIEW

Why study Bitcoin now?

Bitcoin will not replace every currency or institution. The relevant questions are whether the world is discovering what we believe is a superior form of capital and whether market participants will build increasingly sophisticated markets around it.

Our view is Bitcoin isn't a trade. It is the beginning of a new asset class and a new financial system built on top of it.
The long-term thesis rests on scarcity, open access, global liquidity, independent verification and the possibility that a digitally native asset can absorb a portion of the monetary premium now embedded in gold, real estate, equities, bonds, collectibles and art.

Six ideas to understand

The investment case in one page

- Bitcoin is an asset, protocol and settlement network - not a company and not a claim on an issuer.
- Its issuance schedule is transparent, finite and largely insensitive to price or managerial discretion.
- The use case includes the preservation and transfer of capital across time and space.
- Its natural competitors are other stores of wealth and reserve assets, not merely payment networks.
- Institutional access has expanded through regulated ETPs, futures, options, custody and corporate balance sheets.
- We believe the potential opportunity is asymmetric, while high returns have historically coexisted with severe price declines.

Market snapshot

Strategy dashboard - Price as of November 20, 2026; other snapshot metrics as of November 21, 2026

Bitcoin price	**$58,400**
200-week moving average	**$68,112**
Premium / (discount) to 200W MA	**(14.3%)**
1-year return	**(32.0%)**
10-year annualized return	**55.0%**
30-day average trading volume	**$32.1B**
Open interest	**$70.4B**
ETF bitcoin held	**1.248M BTC**
Network hashrate	**1,038 EH/s**

Snapshot figures are time-sensitive and may use different market-data cutoffs. They are not forecasts.

The essential trade-off

While Bitcoin offers exposure to a scarce global asset with no issuer dilution and potentially very large addressable markets, it offers no contractual yield, no valuation anchor based on cash flow, no protection against short-term loss and is subject to custody, policy, legal, technical, and market-based risks.

Source / methodology: Strategy Bitcoin Metrics and Strategy Notes [1][2]. The conceptual framing reflects Strategy's investment thesis and should be evaluated independently.

02 | WHAT BITCOIN IS

One system, three layers

A useful mental model separates the asset from the protocol and the network that enforces the rules.

BTC
THE ASSET

A scarce bearer-like digital commodity represented by spendable outputs on the ledger.

BITCOIN
THE PROTOCOL

Public rules for validating signatures, transactions, blocks, issuance and consensus.

THE NETWORK
THE SETTLEMENT SYSTEM

Independent nodes, miners, wallets and users that propagate, validate and settle transactions.

HOW A BITCOIN TRANSACTION SETTLES

1 SIGN
A private key authorizes a spend.

→

2 BROADCAST
The transaction is propagated.

→

3 VALIDATE
Nodes reject invalid transactions.

→

4 CONFIRM
Miners include it in a proof-of-work block; later blocks add settlement confidence.

What ownership means

Control follows the key

- A bitcoin balance is not stored as a file or coin; the ledger records spendable transaction outputs.
- A private key authorizes transfer. Losing the key can permanently destroy practical access.
- Self-custody removes an intermediary but transfers operational responsibility to the owner.

What Bitcoin is not

Common category errors

- Not a company, debt instrument or contractual claim on management.
- Not anonymous; the public ledger is transparent, although identities are not native to addresses.
- Not reversible by a central authority after valid settlement.

Source / methodology: Bitcoin white paper [3]; Bitcoin.org network overview and investor cautions [4][13].

03 | WHY BITCOIN IS SPECIAL

A new bundle of monetary properties

No single feature is unique in isolation. The investment case rests on combining scarcity, portability, verifiability, liquidity and open settlement in one asset.

PROPERTY	HOW IT WORKS	INVESTOR SIGNIFICANCE
Scarcity	Consensus rules cap valid amounts at 21 million BTC and reduce new issuance every 210,000 blocks.	Supply is not expanded in response to price, credit demand or political preference.
Divisibility	One bitcoin is divisible into 100 million satoshis.	Large and small allocations can use the same settlement asset.
Portability	Control can be transferred globally by broadcasting a valid signed transaction.	Capital can move without physically transporting the asset.
Verifiability	Anyone can independently validate the ledger and monetary rules with open-source software.	Verification is not limited to a central registrar or custodian.
Durability	The ledger is replicated across a distributed network; private keys can be backed up across media and locations.	Digital durability depends on key management and continued network operation.
Liquidity	Bitcoin trades continuously across global spot and derivative venues.	A 24/7 market can improve access but can also transmit volatility without pause.
Bearer-like control	Control can rest directly with the holder of the private keys.	Ownership can avoid counterparty credit risk, but errors and theft may be irreversible.
Programmability	Transactions can use scripts, timelocks and multiple signatures.	Financial controls can be embedded without changing the monetary asset itself.

Scarcity is a rule set, not a management promise

Bitcoin's monetary policy is implemented in software independently validated by network participants. Changing the 21 million proposition would require broad adoption of different rules and would directly challenge the asset's central economic premise.

WHY THE BUNDLE MATTERS

Physical capital

Durable, but expensive to move and verify

- Gold and real estate have long histories and established legal treatment.
- They also require storage, transport, maintenance, title systems or local enforcement.

Digital capital

Fast to verify and move, but operationally unforgiving

- Bitcoin can be transferred and independently verified as native digital property.
- The same bearer-like design makes key loss, theft and transaction mistakes consequential.

Source / methodology: Bitcoin Core consensus definitions and parameters [5][6]; Bitcoin.org [4][12][13].

04 | DIGITAL CAPITAL

Capital without a company or country

Strategy uses "Digital Capital" to describe Bitcoin as a scarce, globally transferable asset held primarily to preserve and compound purchasing power over long periods.

Capital, currency and money

Related, but not identical

CAPITAL
An asset held to preserve or compound wealth over time.

CURRENCY
A unit of account and medium used to price and settle obligations.

MONEY
A widely accepted medium of exchange that also stores value with sufficient stability.

COLLATERAL
An asset pledged or relied upon to support a financial obligation.

Why "Digital Capital"

The economic framing

- Bitcoin has no contractual cash flow; value depends on scarcity, adoption, liquidity and the monetary premium investors assign to it.
- It can be owned directly, moved globally and verified independently, giving it a different capital profile from corporate securities or local property.
- It can support equity, credit, debt and derivative structures without requiring Bitcoin itself to become a bank deposit or sovereign currency.
- It does not need to replace the dollar, banks or existing capital markets to become a large reserve asset.

THE MONETARY PREMIUM

An asset can be worth more than its immediate utility

Gold jewelry, scarce land, trophy real estate, blue-chip equities and fine art can carry a premium because investors expect them to preserve status, optionality or purchasing power. The Bitcoin thesis is that a digitally native scarcity can attract a growing share of this store-of-value demand.

An analytical framework separates three questions:

1	2	3
Is Bitcoin technically credible as a scarce settlement asset?	**Will enough investors and institutions treat it as capital?**	**At the current price, does expected adoption compensate for volatility and risk?**

Source / methodology: "Digital Capital" and the monetary-premium discussion are Strategy's conceptual framing, not a legal classification or a valuation conclusion.

05 | ARTIFICIAL INTELLIGENCE

How AI affects the Bitcoin thesis

In the near term, AI can compete with Bitcoin for capital. Over time, it may strengthen the case for scarce, neutral digital capital.

1 | Competes for capital in the short term

AI gives investors another high-growth destination for incremental capital. In the near term, that can divert flows toward AI equities, private companies, and infrastructure instead of Bitcoin.

2 | Compresses terminal value

AI can disrupt traditional businesses, shorten the life of corporate moats, and make long-term cash flows harder to underwrite. As disruption risk rises, capital may rotate toward assets with less exposure to technological disruption, strengthening Bitcoin's appeal as scarce, neutral digital capital.

3 | Increases the premium on absolute scarcity

AI can make intelligence, software, content, and an increasing range of goods and services more abundant. As more of the economy becomes easier to reproduce, absolute scarcity can command a higher premium, strengthening Bitcoin's appeal because its supply is permanently capped at 21 million.

4 | Could accelerate monetary expansion

AI-driven job disruption and economic transition could increase pressure for government support, deficit spending, and monetary expansion. That could strengthen the case for Bitcoin as protection against currency dilution.

5 | Expands Bitcoin's role

AI agents and AI-native businesses may increase demand for digital-native assets for savings, collateral, and settlement. Bitcoin can serve as scarce, neutral capital outside any single company, platform, or government.

The investor perspective

AI may increase the strategic value of assets that are scarce, neutral and difficult to replicate. As digital production becomes more abundant and corporate disruption accelerates, Bitcoin may become more differentiated as a long-duration monetary asset whose supply does not depend on a company, platform or government.

06 | THE DIGITAL CAPITAL ARCHITECTURE

One reserve asset, many investor claims

Different layers can transform Bitcoin's volatility, liquidity and upside into instruments designed for different risk preferences.

DIGITAL CAPITAL → DIGITAL EQUITY → DIGITAL CREDIT → DIGITAL DEBT → DIGITAL DERIVATIVES → DIGITAL MONEY

EXAMPLE	LAYER	LEGAL/ECONOMIC FORM	PRIMARY OBJECTIVE	TYPICAL INVESTOR
BTC	Digital Capital	Direct reserve asset	Scarcity, liquidity and long-term appreciation	Family offices, individuals, treasuries
E.g., common stock of a bitcoin-treasury company	Digital Equity	Residual corporate claim	Residual equity exposure to a company that holds bitcoin; return may exceed or lag bitcoin	Equity investors
E.g., preferred stock of a bitcoin-treasury company	Digital Credit	Preferred corporate claim	Preferred claim upon liquidation with a stated distribution preference and seniority to common; reduced participation in upside	Income and credit investors
Senior notes	Digital Debt	Contractual debt claim	Priority, maturity and interest	Banks and fixed-income investors
Options / futures	Digital Derivatives	Contingent or leveraged claim	Hedging, convexity and basis exposure	Hedge funds and risk managers
Yield-bearing dollar instruments	Digital Money	Potential circulating claim	Dollar stability, liquidity and yield	Consumers, businesses and cash allocators

Risk does not disappear – it moves

A credit or money-like instrument can deliver a more stable cash-flow profile only because another layer absorbs more volatility, subordination, duration, liquidity or issuer risk. Investors evaluating these instruments should consider the legal and economic claims and the issuer's balance sheet, among other factors, not merely the Bitcoin narrative.

USING THE ARCHITECTURE

Matching the exposure to the objective

Different claims serve different objectives

- Direct BTC for ownership of the reserve asset itself.
- Equity for operating leverage, issuance capacity and residual upside.
- Credit or debt for income, seniority and reduced participation in upside.

Evaluating the wrapper

The legal claim can dominate the outcome

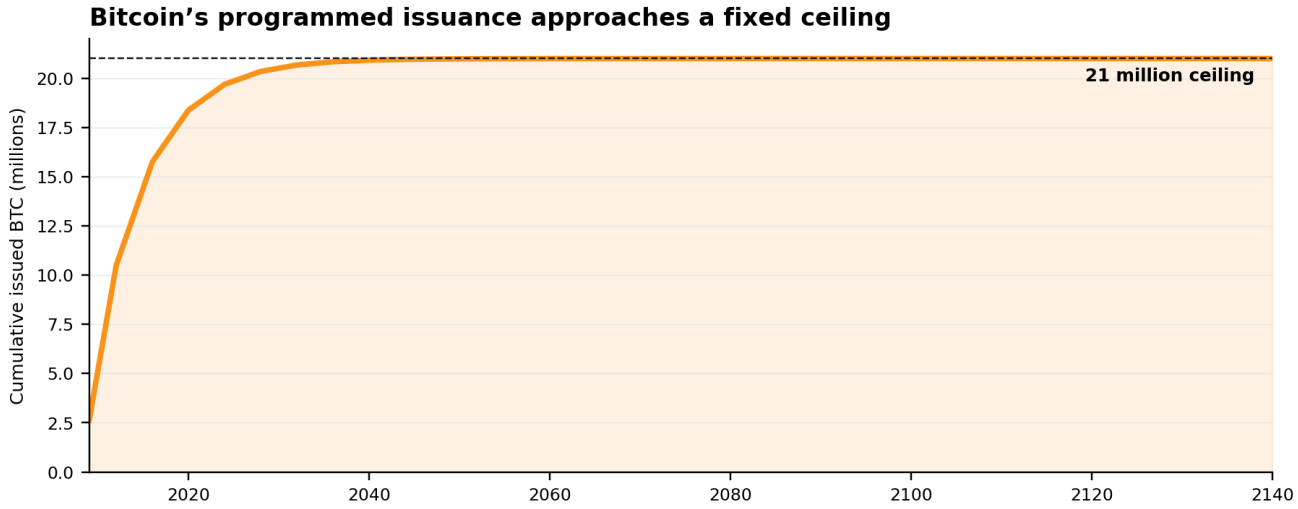
- Custody, leverage, maturity, conversion, call rights and tax treatment vary materially.
- Corporate securities are not direct ownership of the issuer's bitcoin unless the governing documents expressly provide otherwise.
- Derivatives add counterparty, margin, basis and expiration risk.

Architecture adapted from Strategy's conceptual framework.

07 | MONETARY POLICY

A transparent, declining issuance schedule

Bitcoin's new supply is programmed by consensus rules rather than adjusted in response to demand, inflation targets or discretionary policy.



Theoretical schedule using ten-minute target blocks and 210,000-block subsidy epochs. Actual issued supply is slightly lower because some subsidies were not claimed or are provably unspendable.

EPOCH START	BLOCK SUBSIDY	APPROX. DAILY NEW SUPPLY
2009	**50.0000 BTC**	**~7,200 BTC**
2012	**25.0000 BTC**	**~3,600 BTC**
2016	**12.5000 BTC**	**~1,800 BTC**
2020	**6.2500 BTC**	**~900 BTC**
2024	**3.1250 BTC**	**~450 BTC**
~2028	**1.5625 BTC**	**~225 BTC**

Why the schedule matters

Supply is inelastic to price

- A higher market price does not increase the protocol's block subsidy.
- Each halving reduces the flow of newly issued BTC by 50%.
- At the November 20, 2026 BTC price of $58,400, estimated new supply was about $26.3 million per day.

What the schedule does not guarantee

Demand still determines price

- A fixed supply does not create demand or a minimum market value.
- Existing holders can sell; circulating liquidity is not limited to new issuance.
- Consensus, software, market and political risks remain even when the issuance rule is transparent.

Source / methodology: Bitcoin Core consensus constants and mainnet parameters [5][6]; Strategy Bitcoin Metrics [1]. Future halving dates are approximate because block production is probabilistic.

08 | MARKET MATURITY

From cypherpunk experiment to institutional market

Bitcoin now has regulated exchange-traded products, futures, options, institutional custody, deep spot liquidity and a global mining and validation network. These developments expand access; they do not remove underlying risk.

AS OF NOVEMBER 20 AND 21, 2026

$32.1B
30D AVG SPOT VOLUME
Strategy snapshot

$70.4B
OPEN INTEREST
Spot + derivatives snapshot

1.248M BTC
ETF BITCOIN HELD
U.S. spot products and tracked funds

-$3.485B
30D ETF NET FLOWS
Strategy snapshot

66.4%
BITCOIN DOMINANCE
Share of crypto market

1,038 EH/s
NETWORK HASHRATE
Security expenditure proxy

52.3%
IMPLIED VOLATILITY
Options market

$26.3M
DAILY NEW SUPPLY
At snapshot price

INSTITUTIONAL RAIL	WHAT CHANGED	INVESTOR IMPLICATION
Spot ETPs	The SEC approved listing and trading of multiple spot bitcoin ETPs in January 2024.	Brokerage access, institutional custody and familiar reporting; fund fees, tracking and trust structure remain.
Futures and options	CME offers regulated bitcoin futures and options with standardized clearing.	Hedging, price discovery and institutional risk transfer; leverage, basis and margin risk remain.
Custody infrastructure	Qualified custodians, institutional multisignature and internal controls continue to develop.	Operational access improves, but custody concentration and counterparty exposure can increase.
Mining and validation	Hashrate and independently operated nodes secure and validate the network.	Security is economic and probabilistic; higher hashrate raises attack cost but does not eliminate all threats.

Maturity changes the distribution of risk

Institutional products can move custody, compliance, tax reporting and execution risk away from the end investor. They may replace those risks with management fees, tracking differences, share-market liquidity, legal-structure and intermediary risk.

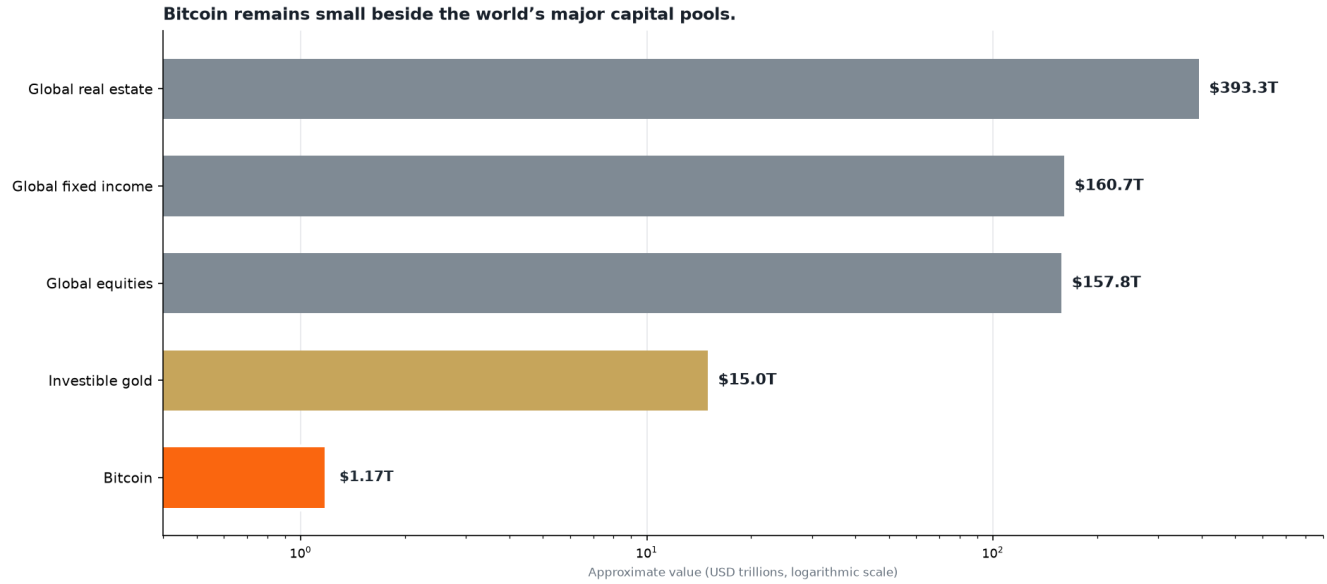
Volume, open interest, ETF holdings, flows, dominance, hashrate, implied volatility (52.3%, IBIT options proxy) and Bitcoin historical volatility (39.4% 30D; 45.1% 1Y) are from the Strategy dashboard capture of November 21, 2026. Daily new-supply dollars equal $58,400 × 450 BTC at the Nov. 20, 2026 close. Historical volatility for all other assets (using IBIT as a proxy for bitcoin) is based on 4:00pm ET closing prices through Nov. 20, 2026. Figures change continuously. Strategy Bitcoin Metrics [1]; SEC spot bitcoin ETP approval [7]; CME Bitcoin futures and options [8]. Metrics are dated snapshots and may reflect different data cutoffs.

09 | COMPETING FOR CAPITAL

A small asset beside very large pools of wealth

Bitcoin does not need to displace an entire asset class to become materially larger. The relevant question is whether investors will allocate a growing monetary premium to it at the margin.

AS OF DECEMBER 31, 2024: REAL ESTATE | AS OF DECEMBER 31, 2025: FIXED INCOME, EQUITIES AND INVESTIBLE GOLD | AS OF NOVEMBER 20, 2026: BITCOIN



Approximate values use different dates and methodologies. Real estate, equities and bonds contain substantial utility and cash-flow value that is not purely monetary or addressable by Bitcoin.

The scale context

Bitcoin remains small relative to these pools

- Global real estate was estimated at $393.3T as of 2024.
- Global fixed-income debt and equity market capitalization were approximately $160.7T and $157.8T as of 2025.
- The investible gold market was estimated near $15T as of 2025.
- Bitcoin's estimated market capitalization was approximately $1.17T as of November 20, 2026.

The discipline

Addressable is not the same as capturable

- Real estate provides shelter, use and rent; equities represent productive enterprises; bonds provide contractual cash flows.
- Only the store-of-value or reserve allocation at the margin is plausibly competitive.
- Market size is not a price target. Adoption, regulation, liquidity and investor preference determine outcomes.

The Bitcoin thesis does not require replacement

Bitcoin can become a significant global capital asset while dollars remain the dominant unit of account, banks continue to intermediate credit and traditional capital markets remain enormous.

Source / methodology: Savills [10]; SIFMA [11]; World Gold Council [9]; Strategy Bitcoin Metrics [1]. Logarithmic chart values are approximate and not directly comparable.

10 | CAPITAL COMPARABLES

Different assets solve different problems

Bitcoin does not win every category, but we believe Bitcoin offers an unusually strong combination of scarcity, mobility and verification, while other assets offer cash flow, utility, legal maturity or lower volatility.

Property	Bitcoin	Gold	Real estate	Public equity	Sovereign bonds	Fine art
Fixed scarcity	**Very high**	Moderate	Location-specific	Low	Low	Work-specific
Native cash flow	**None**	None	Rent / use	Earnings / dividends	Coupon / principal	None
Portability	**Very high**	Low	Very low	High	High	Very low
Divisibility	**Very high**	Moderate	Low	High	High	Low
Independent verification	**High**	Moderate	Title-dependent	Issuer / exchange	Issuer / registry	Expert-dependent
24/7 transfer	**Yes**	Limited	No	Usually no	Usually no	No
Maintenance / carry	**Low protocol carry**	Storage / insurance	Taxes / upkeep	Corporate costs	Inflation / duration	Storage / insurance
Legal / jurisdictional reliance	**Lower for bearer control**	Moderate	High	High	Very high	High
Price volatility	**Very high**	Moderate	Low to moderate*	Moderate	Low to high	Opaque / episodic
Established collateral use	**Developing**	Established	Established	Established	Established	Limited

Where Bitcoin is strongest

Digital-native property

- Supply transparency and resistance to issuer dilution.
- Global portability and fine divisibility.
- Independent verification and continuous market access.

Where Bitcoin is weaker

The price of early monetization

- No intrinsic cash flow, contractual redemption or sovereign backing.
- Extreme volatility and uncertain long-run adoption.
- Operationally unforgiving custody and still-evolving legal treatment.

*Reported real-estate prices can appear smoother than traded-market prices because transactions are infrequent, properties are heterogeneous and appraisals lag market changes.

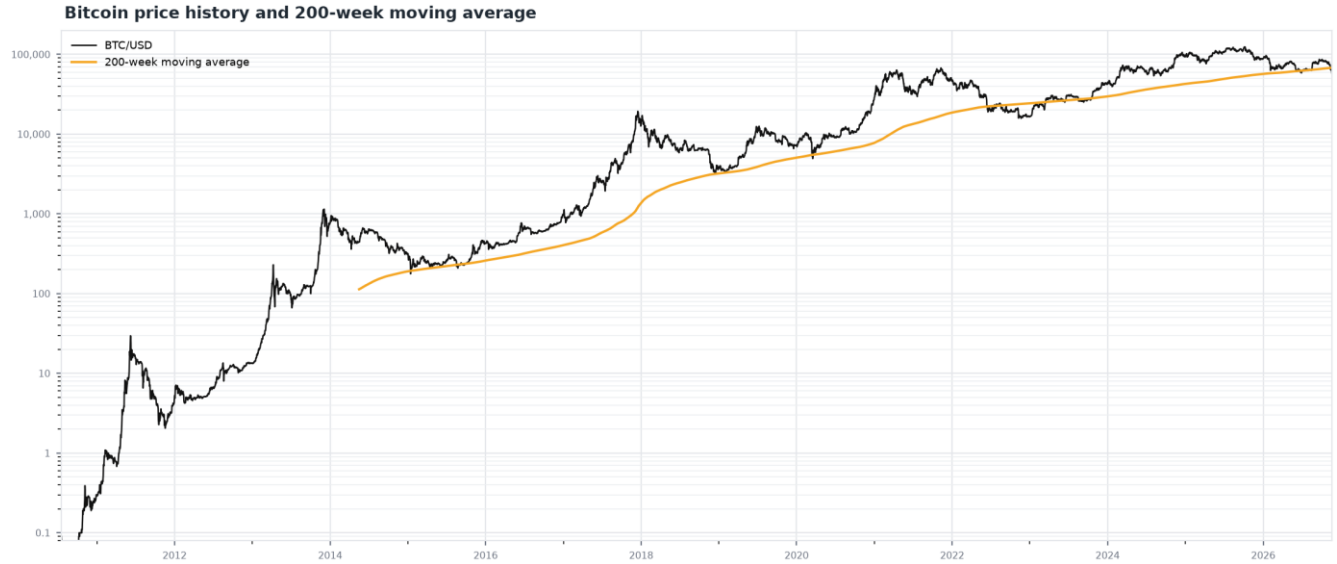
Source / methodology: Illustrative qualitative assessment by Strategy. Gold, real estate, equity, fixed-income and art sources [9][10][11][16]. Rankings are contextual, not objective scores or investment recommendations.

11 | HISTORICAL MARKET BEHAVIOR

High long-term returns with severe interim losses

Bitcoin's history has rewarded patience in hindsight, but the path has repeatedly included rapid 50%-90% price declines and long recovery periods.

HISTORICAL SERIES THROUGH NOVEMBER 20, 2026



Merged daily BTC/USD series as of November 20, 2026, covering July 2010–November 2026. Early prices and exchange histories differ across data providers; the chart is for historical context, not a forecast.

28.8%	55.0%	(53.7%)	(93.1%)
BSE ANNUALIZED	**10Y ANNUALIZED**	**DRAWDOWN FROM ATH**	**MAX OBSERVED DRAWDOWN**
Aug. 10, 2020–Nov. 20, 2026	Nov. 20, 2016–Nov. 20, 2026	At Nov. 20, 2026	2011 trough

The 200-week moving average is a reference, not a floor

The average is a backward-looking reference. It can be breached, and a break below it does not by itself establish a forecast or a recovery path.

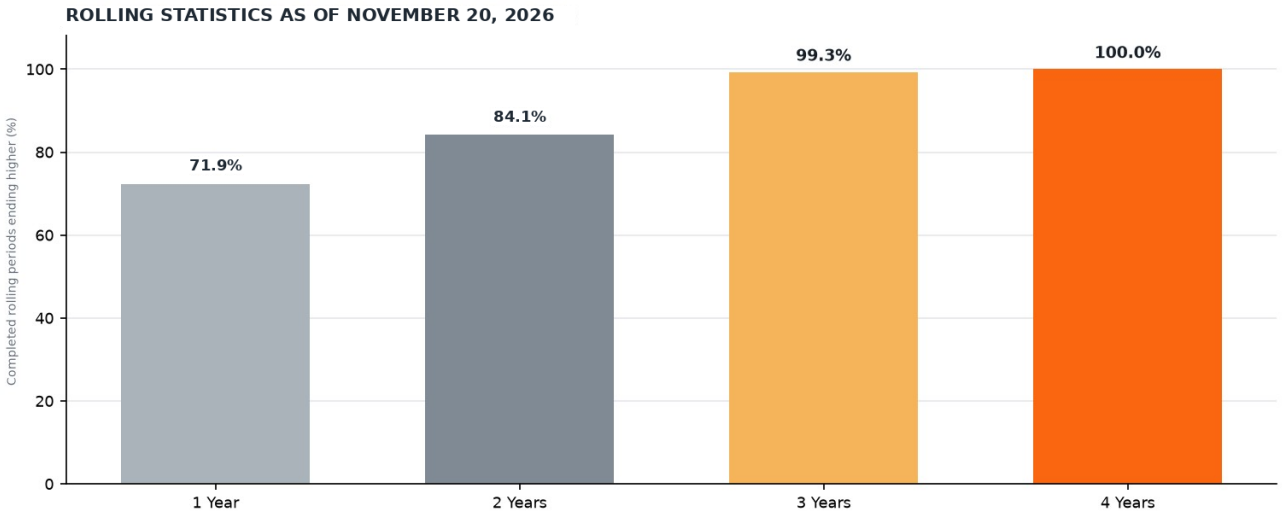
Source / methodology: Strategy dashboard metrics [1]; merged historical BTC/USD data [14][15]. Historical metrics are as of November 20, 2026. BSE = Bitcoin Standard Era beginning Aug. 10, 2020 (the date Strategy announced its first purchase of Bitcoin). Calculations use daily closes and calendar dates, except BSE, which follows the Strategy dashboard, and drawdown from ATH, which is computed at $58,400 against the dashboard ATH of $126,080 (10Y annualized return is computed from the merged series at $58,400 against the Nov. 20, 2016 close); provider choices can change results.

12 | THE FOUR-YEAR HORIZON

Time has historically reduced – not eliminated – outcome risk

A four-year holding period roughly spans one subsidy-halving cycle. It is a useful behavioral planning horizon, not a contractual maturity or guaranteed break-even point.

ROLLING STATISTICS AS OF NOVEMBER 20, 2026



HOLDING PERIOD	COMPLETED OBSERVATIONS	MEDIAN TOTAL RETURN	WORST TOTAL RETURN
1 year	5,605	+94.3%	(83.6%)
2 years	5,240	+260.5%	(68.3%)
3 years	4,874	+471.2%	(34.7%)
4 years	4,509	+1,279.5%	+32.6%

Historical observation

What the data says

- Shorter windows in the same data set include large losses, including an 83.6% one-year decline.
- The weakest four-year period began April 16, 2021 and ended April 16, 2025 with a total return of approximately 32.6%.
- Median and worst outcomes by holding period are historical observations, not probabilities of future results.

Investor discipline

What the data does not say

- The next four years need not resemble any prior four-year period.
- Early exponential gains heavily influence medians and long-term annualized returns.
- A long horizon cannot rescue an oversized, leveraged or operationally insecure position.

An illustrative horizon: funding a Bitcoin position with capital that can remain invested for at least four years

The objective is to reduce the risk that short-term volatility forces a sale before the investment thesis has time to develop.

Source / methodology: Merged daily BTC/USD series [14][15]. Rolling statistics are as of November 20, 2026 and use exact calendar-date endpoints over data beginning July 18, 2010. Historical performance is not indicative of future results.

13 | ACCESS METHODS

Exposure choice comes before ticker selection

Direct Bitcoin, ETPs, corporate equity, preferred credit and derivatives can all reference the same underlying asset while producing very different legal and economic outcomes.

ACCESS ROUTE	WHAT THE INVESTOR OWNS	INCOME	UPSIDE / LEVERAGE	CUSTODY / COUNTERPARTY	PRIMARY RISKS
Direct BTC – self-custody	Bitcoin controlled by private keys	None	One-for-one spot exposure	Investor controls keys	Key loss, theft, operational error, tax reporting
Direct BTC – custodian	Contractual claim to bitcoin held by provider	None	Approximately spot exposure	Custodian controls keys	Counterparty, withdrawal, legal and concentration risk
Spot bitcoin ETP	Exchange-traded trust or product shares	Generally none	Designed to track spot less fees	Fund custodian and market makers	Fees, tracking, share liquidity, legal structure; no retail coin redemption
Bitcoin Treasury equity	Common equity in an operating company holding bitcoin	Usually none	May amplify or lag BTC through leverage, issuance and franchise value	Corporate balance sheet and governance	Equity dilution, senior claims, mNAV, management and corporate risk
Digital Credit / preferred	Preferred corporate security supported by enterprise value	Contractual or declared distributions	Reduced BTC upside; issuer credit exposure	Issuer and capital structure	Subordination, dividend, duration, call, liquidity and tax risk
Futures and options	Derivative contract	No native yield	Leveraged, hedged or convex exposure	Clearing broker / exchange / counterparty	Margin calls, expiry, basis, volatility, path dependence

The wrapper can matter more than the thesis

An investor can be correct that Bitcoin appreciates and still lose money through leverage, option decay, an unfavorable capital structure, corporate risks, counterparty failure, excessive fees or forced liquidation.

A SIMPLE DECISION SEQUENCE

1 **Do I want the asset itself or a financial claim linked to it?**

2 **Do I need income, leverage, liquidity, tax reporting or institutional custody?**

3 **Which risks am I deliberately adding by choosing the wrapper?**

4 **Can I explain the claim, fees, custody, redemption, leverage and downside in one page?**

Source / methodology: SEC spot bitcoin ETP approval [7]; CME derivatives [8]; Bitcoin.org custody considerations [12][13]. Product terms vary and governing documents control.

14 | PORTFOLIO CONSTRUCTION

Sizing for survival before optimizing for upside

Sizing is not about the largest amount an investor is willing to buy, but the largest amount a portfolio could hold through a severe price decline without forced selling or impairment of essential liquidity.

AN ILLUSTRATIVE RISK-BUDGET FORMULA

Illustrative portfolio loss = Bitcoin position weight × assumed Bitcoin price decline

Example: a 2.7% Bitcoin position with an assumed 75% Bitcoin price decline implies an illustrative portfolio loss of approximately 2%. This is arithmetic, not an allocation recommendation; taxes, correlations, leverage and liquidity can materially change the result.

DECISION	POLICY QUESTION
Objective	Why is Bitcoin in the portfolio - capital preservation, asymmetric growth, diversification, treasury reserve or tactical exposure?
Time horizon	Can the capital remain invested through at least one four-year planning period?
Risk budget	What portfolio loss can be tolerated if Bitcoin falls 50%, 75% or more?
Funding source	Is the position funded with unencumbered long-term capital rather than emergency cash or short-term debt?
Access route	Which access route appears most consistent with the objective - direct ownership, an ETP, equity, credit or a derivative?
Custody model	Who controls keys, how are withdrawals approved and what is the recovery plan?
Rebalancing rule	Will the investor use fixed dates, allocation bands or no rebalancing?
Governance	Who can buy, sell, transfer, pledge or change the policy?
Tax and reporting	How are basis, gains, losses, fees and jurisdictional rules handled?

Lump sum

Maximum time in the market

- Immediate exposure if the long-term thesis is correct.
- Maximum timing regret if price falls soon after purchase.

Staged accumulation

Reduces timing concentration

- Spreads entry over time and can improve behavioral adherence.
- May underperform a lump sum in a rising market and does not prevent loss.

Source / methodology: Educational portfolio-construction framework prepared as of November 22, 2026. Assumed price declines are illustrations, not forecasts. The arithmetic is not an allocation recommendation; advice, if sought, should be appropriate to the investor's circumstances.

15 | HEALTHY INVESTOR BEHAVIOR

A strong asset thesis can be defeated by weak behavior

Bitcoin's 24/7 liquidity, volatility and cultural intensity invite overtrading. A written process is often more valuable than a better short-term forecast. Illustrative disciplined long-term investor habits:

1	**Understanding before purchase**	Understand the asset, custody model and downside without relying on price appreciation.
2	**A four-year minimum planning horizon**	Use capital that can remain invested while allowing for multiple severe price corrections.
3	**Limited or no leverage**	A sudden price decline can liquidate a leveraged position even if the thesis later proves correct.
4	**Separate liquidity reserves**	Separate capital needed for taxes, operations, emergencies or near-term obligations.
5	**Accumulation and rebalancing policy**	Predetermine purchase cadence, maximum weight and rebalancing bands.
6	**Custody as part of the investment**	Key loss or theft can turn a sound investment thesis into a permanent loss.
7	**Fundamentals alongside price**	Track supply, liquidity, hashrate, adoption and market structure alongside price.
8	**Borrower diligence for yield**	Bitcoin lending and yield products introduce credit, rehypothecation and liquidity risk.
9	**Operational testing**	Illustrative controls include small test transactions, withdrawal whitelists, dual controls and documented recovery procedures.
10	**Scheduled thesis review**	Update assumptions quarterly or annually rather than reacting continuously.

Examples of behaviors disciplined long-term investors limit

Borrowing short to hold long, concentrating emergency funds, trading every headline, exposing seed phrases to cloud services, chasing double-digit yield from opaque counterparties and assuming a prior four-year record guarantees the next four years.

Source / methodology: Illustrative behavioral framework prepared as of November 22, 2026, derived from the historical analysis in this guide and Bitcoin.org security and volatility cautions [12][13].

16 | CUSTODY AND OPERATIONAL SECURITY

The private key is both the feature and the risk

Bitcoin can eliminate a financial intermediary only by making key control and transaction authorization the owner's responsibility. Institutions need governance as much as technology.

Self-custody

Control without a financial counterparty

- Direct control of private keys and withdrawal policy.
- No custodian insolvency, freeze or rehypothecation risk.
- Full responsibility for backup, signing, recovery, privacy and inheritance.
- Errors, theft and key loss may be irreversible.

Delegated custody

Operational convenience with counterparty risk

- Institutional controls, reporting, insurance arrangements and recovery procedures may be available.
- Supports brokerage, ETP, financing and compliance workflows.
- Investor depends on custodian security, solvency, legal regime and withdrawal policies.
- Concentration can create common-mode risk across products.

INSTITUTIONAL CUSTODY CHECKLIST

CONTROL	MINIMUM QUESTION
Key generation	Document the entropy source, ceremony, hardware and personnel present.
Authorization	Require multiple independent approvals and segregate duties.
Cold storage	Keep long-term keys offline; minimize hot-wallet balances.
Backups	Use encrypted, durable backups in multiple secure locations; never place seed phrases in ordinary cloud storage.
Transaction controls	Use address whitelists, test transfers, withdrawal limits and out-of-band verification.
Reconciliation	Independently reconcile on-chain balances, custodian statements and internal ledgers.
Incident response	Predefine key compromise, personnel loss, vendor outage and legal-process procedures.
Inheritance / continuity	Ensure authorized successors can recover assets without creating a single point of theft.
Vendor diligence	Review segregation, subcustody, insurance, audits, legal title, rehypothecation and withdrawal terms.

Source / methodology: Bitcoin.org wallet-security guidance [12][13]. This checklist is general education and not a substitute for professional security, legal or custody advice.

17 | RISK FRAMEWORK

The principal risks investors should evaluate

Bitcoin's upside case is inseparable from uncertainty about adoption, policy, custody, market structure and technology. The absence of issuer credit risk does not mean the absence of risk.

RISK	WHY IT MATTERS
Price and volatility	Bitcoin can decline 50%–90%, gap through risk limits and remain below prior highs for years.
Adoption and valuation	Without cash flows, valuation depends on future demand, liquidity and monetary premium.
Regulation and tax	Ownership, trading, custody, reporting and taxation can change by jurisdiction and over time.
Custody and key loss	Theft, lost credentials, flawed backups or governance failures can create permanent loss.
Exchange and counterparty	Trading venues, lenders, custodians and stablecoin rails can fail, freeze or become insolvent.
Protocol and governance	Software defects, contentious rule changes or coordination failures could damage trust and liquidity.
Mining economics	Security depends on economic incentives, hardware, energy access and fee/subsidy dynamics.
Market concentration	Large custodians, ETPs, exchanges, miners or holders can create operational and liquidity concentration.
Technology and cryptography	Quantum computing or other breakthroughs could require coordinated upgrades and operational migration.
Environmental and political	Energy use, capital controls or political opposition can affect mining, access and public acceptance.
Leverage and liquidation	Borrowing or derivatives can force liquidation even when the long-term thesis remains intact.
Opportunity cost	Capital allocated to Bitcoin cannot simultaneously earn contractual cash flow or fund other investments.

Falsification matters

A clearly defined thesis may identify conditions that could cause an investor to reduce or exit: sustained loss of security or settlement reliability, erosion of scarcity credibility, a competing digital capital asset with materially stronger adoption or settlement properties, durable regulatory exclusion, structural loss of liquidity or evidence that adoption has plateaued below the assumed valuation.

Source / methodology: Bitcoin.org investor cautions [13]; Bitcoin Core and white paper [3][5][6]. Risk list is not exhaustive.

18 | READING THE BITCOIN DASHBOARD

A system view beyond price

The Strategy Bitcoin page organizes price, trend, liquidity, volatility, institutional flows and network security into a compact operating view.

METRIC	WHAT IT HELPS ANSWER	WHAT IT DOES NOT TELL YOU
Bitcoin Price / Market Cap	Current market value and aggregate network capitalization.	Neither is an intrinsic-value estimate or floor.
200W MA / Premium (discount)	Long-term trend reference and distance from the average.	A moving average is backward-looking and can be breached.
1Y / BSE / 10Y Return	Different time horizons for historical performance.	Start dates can dominate annualized results.
Drawdown from ATH	Distance below the prior all-time high.	A smaller drawdown does not imply lower future risk.
Trading Volume	Turnover and immediate market activity.	Reported volumes vary by venue and methodology.
Open Interest	Outstanding derivative exposure.	It includes both long and short positions and can amplify liquidation risk.
Estimated New Supply	Dollar value of current block-subsidy issuance.	Does not measure all coins available for sale.
Historical / Implied Volatility	Realized and options-implied price variability.	Volatility is not direction and can change rapidly.
ETF Bitcoin Held / Flows	Institutional product holdings and recent net creations/redemptions.	Flows can reverse and do not capture all global demand.
Bitcoin Dominance	Bitcoin's share of tracked digital-asset market capitalization.	Depends on which assets and prices are included.
Hashrate	Estimated proof-of-work computation securing the chain.	An estimate, not a direct guarantee of security or decentralization.

A monthly or quarterly review

More useful for long-horizon investors

- Supply, hashrate, custody, ETP holdings, liquidity and volatility trends.
- Changes in regulation, market access and institutional infrastructure.
- Whether the original investment thesis is strengthening or weakening.

Minute-by-minute monitoring

Often behaviorally harmful

- Encourages emotional responses to noise and liquidation events.
- Creates false precision around a long-duration adoption thesis.
- Can turn an investment policy into an unplanned trading strategy.

Open the live Strategy Bitcoin dashboard

Source / methodology: Strategy Bitcoin Metrics and Notes [1][2].

19 | SOURCES AND METHODOLOGY

Primary references and calculation notes

This guide combines public technical documentation, regulatory and market-structure sources, Strategy dashboard data and original historical calculations.

SOURCE	LINK	USED FOR
[1] Strategy Bitcoin Metrics	Open source	Price ($58,400) and daily new-supply dollars ($26.3M) are as of the November 20, 2026 close. 1-year return (32.0%) is computed at $58,400 against the Coinbase BTC-USD close of November 20, 2025 ($85,944.83), the Strategy dashboard convention. 10-year CAGR (55.0%) is computed from the merged daily BTC price history at $58,400 against the November 20, 2016 close ($728.61). 30-day volume, open interest, 200-week moving average, ETF bitcoin held, 30-day ETF net flows, dominance, hashrate and implied volatility (52.3%, IBIT options proxy) are from the Strategy dashboard capture of November 21, 2026; premium / (discount) to the 200-week moving average is computed at $58,400. Estimated Bitcoin market cap ($1.17T) equals approximately 20.12M BTC in circulation (CoinGecko, Nov. 21, 2026) × $58,400.
[2] Strategy Notes	Open source	Metric definitions, dashboard limitations and general investor disclosures.
[3] Bitcoin: A Peer-to-Peer Electronic Cash System	Open source	Original description of peer-to-peer electronic cash and proof-of-work timestamping.
[4] Bitcoin.org: How Bitcoin Works	Open source	Shared ledger, transaction validation and network overview.
[5] Bitcoin Core: consensus amount definitions	Open source	100 million satoshis per bitcoin and 21 million maximum-money consensus constant.
[6] Bitcoin Core: mainnet consensus parameters	Open source	210,000-block subsidy-halving interval and ten-minute target block spacing.
[7] SEC statement on spot bitcoin ETP approvals	Open source	January 2024 approval of spot bitcoin exchange-traded product listings.
[8] CME Bitcoin futures and options	Open source	Regulated futures and options market infrastructure.
[9] World Gold Council: Gold Market Primer	Open source	Estimated size of the investible gold market as of December 31, 2025.
[10] Savills: Global real estate value	Open source	Estimated value of global real estate as of December 31, 2024.
[11] SIFMA 2026 Capital Markets Fact Book	Open source	Global equity market capitalization and fixed-income debt outstanding as of year-end 2025.
[12] Bitcoin.org: Securing Your Wallet	Open source	Backups, cold storage, hardware wallets, multisignature and inheritance practices.
[13] Bitcoin.org: Things You Need to Know	Open source	Volatility, irreversibility, privacy, custody and regulatory considerations.
[14] Habrador Bitcoin price history	Open source	Early daily BTC/USD price history used in historical analysis through November 20, 2026.
[15] ff137 Bitstamp BTC/USD minute data	Open source	Bitstamp BTC/USD data used to extend the historical analysis through August 28, 2026; Yahoo Finance BTC-USD daily closes extend the series through November 20, 2026.
[16] Art Basel and UBS Art Market Report 2026	Open source	Global art-market sales for calendar year 2025; annual sales are not comparable with asset stock values.

HISTORICAL ANALYSIS METHODOLOGY

- Daily BTC/USD series spans July 18, 2010–November 20, 2026 and combines the Habrador early-history file with Bitstamp data from the ff137 repository through August 28, 2026 and Yahoo Finance BTC-USD daily closes thereafter.
- The 200-week moving average uses 1,400 daily observations. Rolling holding periods use exact calendar dates where available.
- Annualized return uses geometric compounding. Historical volatility uses the annualized standard deviation of daily logarithmic returns.
- Early Bitcoin markets were small and fragmented. Exchange selection, missing data, time zones and price methodology can materially affect results.
- Capital-market size comparisons use explicit as-of dates: global real estate – December 31, 2024; global fixed income, equities and investible gold – December 31, 2025; Bitcoin – November 20, 2026. They measure different concepts and illustrate scale rather than addressable revenue or a Bitcoin price target.

20 | GLOSSARY OF DEFINED TERMS

Key concepts used in this guide

Bitcoin	The open-source protocol and peer-to-peer network that validates and settles BTC transactions.	**Custodian**	A third party that controls keys and safeguards bitcoin for a customer or product.
BTC	The native asset of the Bitcoin network.	**Multisignature**	A spending policy requiring more than one independent key or approval.
Satoshi / sat	One one-hundred-millionth of one bitcoin, the smallest native unit.	**Halving**	The 50% reduction in the block subsidy every 210,000 blocks.
Blockchain	The ordered chain of validated blocks forming Bitcoin's public transaction history.	**Hashrate**	An estimate of computational work performed by miners, commonly expressed in hashes per second.
Block	A batch of validated transactions linked to prior blocks and secured by proof of work.	**Drawdown**	The percentage decline from a prior peak.
Proof of work	The computation miners perform to propose blocks and establish an objective ordering of chain history.	**Volatility**	The variability of returns over time; historical and implied measures use different inputs.
Miner	An operator that assembles candidate blocks and competes to add them through proof of work.	**Open interest**	The number or notional value of derivative contracts still outstanding.
Full node	Software that independently validates blocks and transactions against consensus rules.	**Monetary premium**	The portion of an asset's value attributed to its expected ability to preserve wealth or function as money-like capital beyond immediate use value.
Private key	Secret cryptographic information used to authorize spending.	**Digital Capital**	Strategy's conceptual description of Bitcoin as a scarce, globally transferable digital reserve asset.
Public key / address	Information used to receive bitcoin and verify signatures; an address is not an identity.	**Spot bitcoin ETP**	An exchange-traded product designed to hold bitcoin and provide share-based price exposure, subject to fees and legal-structure risks.
Wallet	Software or hardware that manages keys and constructs transactions; the bitcoin remains represented on the ledger.	**200-week moving average**	The average BTC price over the preceding 200 weeks, used as a long-term trend reference rather than a guaranteed floor.
Self-custody	An ownership model in which the investor controls the private keys.	**BSE return**	Annualized return measured from August 10, 2020, the beginning of Strategy's Bitcoin Standard Era.

Terminology is contextual

"Digital Capital," "Digital Equity," "Digital Credit," "Digital Debt," "Digital Derivatives" and "Digital Money" are conceptual labels used to explain an emerging market architecture. They are not statutory or regulatory classifications, and a particular instrument's governing documents and applicable law control.

21 | IMPORTANT INFORMATION

Read before relying on this guide

Not an offer; separate offering materials	This Guide is provided for general educational and informational purposes only. It is not, and should not be construed as, an offer to sell or the solicitation of an offer to buy bitcoin, any digital asset, or any security, and it is not part of any offering of Strategy's securities. Any securities of Strategy are offered only by means of, and their terms are set out in, the applicable prospectus, offering documents and free writing prospectuses that Strategy files with or furnishes to the U.S. Securities and Exchange Commission. Before making any investment decision regarding Strategy's securities, read those documents, available free on EDGAR at sec.gov and at strategy.com.
Not investment advice; Strategy is not an investment adviser	Strategy is not registered or qualified as an investment adviser, broker-dealer, or financial adviser, and nothing in this Guide is investment, legal, tax, financial, or other professional advice, or a recommendation to buy, sell, or hold bitcoin, any digital asset, or any security. The frameworks, examples, holding periods, and allocation illustrations in this Guide are general and hypothetical, are not tailored to any person's circumstances, and should not be relied upon as advice. Investors should consult their own investment, legal, tax, and accounting advisers.
Strategy perspective and conflicts	Strategy holds a material amount of bitcoin and issues securities whose value may be affected by bitcoin. Strategy therefore has an economic interest in broader Bitcoin adoption and higher bitcoin prices. Readers should consider this perspective, review Strategy's SEC filings, and perform independent analysis.
Forward-looking statements	This Guide contains beliefs, expectations, and forward-looking statements concerning bitcoin adoption, market development, regulation, institutional participation, and future financial architecture. Words such as "believe," "expect," "may," and similar expressions identify forward-looking statements. Actual outcomes may differ materially. Important factors that could cause actual results to differ include those described in the Risk Framework in this Guide and in Strategy's filings with the SEC, which readers should treat as the meaningful cautionary statements accompanying these forward-looking statements. Strategy undertakes no obligation to update forward-looking statements except as required by law.
Historical data and past performance	Historical price, return, and market data in this Guide are for context only. Past performance is not indicative of future results. Rolling holding-period statistics use overlapping, serially correlated windows over a single, short history with thin and fragmentary early data; historical holding-period returns describe that limited past only, are not probabilities, and do not guarantee any future outcome.
Illustrative metrics and comparisons	Market metrics, dashboard figures, market-size comparisons, and the digital-capital architecture are presented for illustrative purposes only, may be estimated or sourced from third parties, and may vary materially from actual values. Comparisons with gold, real estate, equities, bonds, or art illustrate potential competing pools of capital; they do not establish an addressable-market percentage, a forecast, an intrinsic value, or a bitcoin price target.
As-of dates and data freshness	All market data and metrics are presented as of the date indicated and change continuously.
Risk of loss	Bitcoin is a highly volatile asset with no issuer, maturity, contractual cash flow, government guarantee or promise of repayment. Its price can decline materially, liquidity can deteriorate and an investor can lose part or all of an investment.
Access, custody and irreversibility	Direct bitcoin, custodial accounts, exchange-traded products, common equity, preferred equity, debt and derivatives create different ownership, custody, leverage, liquidity, fee, tax, priority, corporate and counterparty risks. Bitcoin transactions can be irreversible. Self-custody can result in permanent loss through theft, key loss, flawed backups or operational error. Third-party custody introduces counterparty, legal, concentration and withdrawal risk. No custody method eliminates all risk.
Regulation and tax	The legal and tax treatment of bitcoin and related products varies by jurisdiction and can change. Investors are responsible for complying with applicable laws; investor-specific legal and tax advice may be appropriate.

About Strategy

Strategy (Nasdaq: MSTR) is a publicly traded company that has adopted a bitcoin treasury strategy and holds a significant amount of bitcoin. Strategy also issues securities whose value may depend on bitcoin. Strategy therefore has an economic interest in broader bitcoin adoption and in higher bitcoin prices, and readers should keep that interest in mind when reading this Guide. This Guide is educational; it is not investment, legal, tax or financial advice and is not, and should not be construed as, an offer to sell or the solicitation of an offer to buy bitcoin, any digital asset, or any security, nor is it part of any offering of Strategy's securities. See Important Information.

BITCOIN IS DIGITAL CAPITAL. UNDERSTAND THE ASSET. SIZE THE RISK. SECURE THE KEYS. THINK LONG-TERM.