A Bitcoin Capitalist Special Report

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BACKGROUND

Bitcoin's 2008 debut didn't merely tweak the idea of money - it sparked an irreversible sea-change, the next surge in the decentralization arc that began with the personal computer and went parabolic with the internet.

Where computers and the internet decentralized communications and information flow, Bitcoin is in the process of decentralizing money and value itself - removing it from the purview of central banking and spendthrift politicians.

This is a purely incentives-driven phenomenon, impelled by the inexorable debasement of fiat currencies, and the intractable problem of a global debt bubble that is in the process of becoming too large to *service* let alone ever pay down.

The purpose of this report is not to convince you that Bitcoin is the future of finance - if you're still pondering that, I suggest reading my Crypto Capitalist Manifesto which is available via Amazon or in audiobook form, and can also be downloaded in a free e-book.[1]

The key point from my earlier writings - which corroborates the views of other thinkers in the field such as Nik Bhatia's "Layered Money" - is that Bitcoin is primarily *a balance sheet play*.

Whatever companies do in their normal course operations to earn income for their shareholders, Bitcoin is fast emerging as a preferred method for storing retained earnings.

In this report we will examine the rationale and drivers behind the Bitcoin Treasury strategy, how it can enhance shareholder value and why it is possible to achieve additional "torque" to the value of Bitcoin itself.

We'll go on to discuss why adopting a Bitcoin strategy works for some companies but not others - and how we can best identify and allocate to the top performing Bitcoin Treasury plays.

[1] https://members.thecryptocapitalist.io/wp-content/uploads/2024/12/Crypto-Capitalist-Manifesto-ebook-version-5_compressed.pdf

"The biggest fintech opportunity in the next decade is not DeFi.

It's the merger of BTC + TradFi."
— Willy Woo

BITCOIN TREASURIES

Subscribers to the Bitcoin Capitalist already know that the dominant theme for this Bitcoin cycle is "The Bitcoin Treasury" play - with the archetypal company in the space being Strategy (formerly Microstrategy, **Nasdaq: MSTR**).

We issued a buy alert on MSTR in June 2023, at a split-adjusted $30/share, and we added it to the portfolio with a 15% weighting.

It currently trades at $384 (as of June 2025) - making it more than a 10X in two years.

We've since added STRK, Strategy's first issue of preferred shares, which carry an 8% coupon, perpetually - and are convertible into 1/10th of MSTR common share at a $1,000/share strike price.

Our buy alert on STRK was published in February during one of the many intermittent periods of weakness in the overall cryptocurrency space - allowing us to enter it below its IPO issue price. Members who were able to act at the time of the alert secured a perpetual dividend in excess of 9%; STRK shares are since trading (as of June 2025) up 22% from our entry point.

Since then the company has issued multiple variations of preferred shares and convertible debentures; we mention that here in order to illustrate how the world of modern finance is adapting itself to this emergent phenomenon of Bitcoin treasury companies.

This is not a passing fad - and it's not exactly new, either.

In 2013, my own tech company - easyDNS - became the first ICANN-accredited domain registrar to accept Bitcoin payments.

The initial transaction volume was low, and that afforded us the latitude to simply "HODL" any BTC payments we received without converting them into fiat dollars in order to fund our operations.

This became the basis of our own Bitcoin Treasury which has since grown to become the single most meaningful component of our own balance sheet.

We now hold *all* of our retained earnings in Bitcoin, and our mark-to-market value of that "HODL"[2] is currently worth more than 6X the retained earnings in our financial statements.

Left to right: Mark Jeftovic, Neil Jacobs (Swan), Ali Hamam (Tahinis), Trevor Rosborough (Beaver Bitcoin)

[2] "HODL" became part of the Bitcoiner lexicon when somebody misspelled "HOLD" on a bitcointalk thread during one of the first (of many) price crashes - the word went viral and became a meme unto itself.

We started this initiative years before Michael Saylor was orange-pilled, and it's through this mechanism that almost our entire balance of BTC has accumulated over the years.

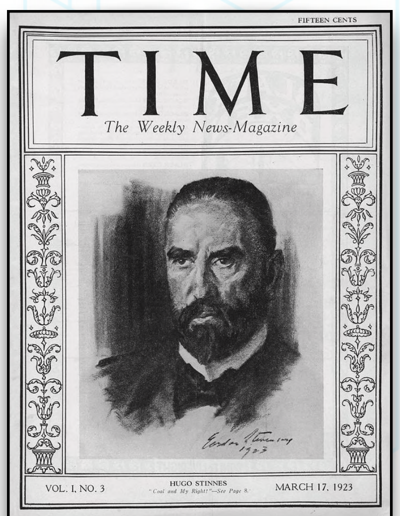
At the Canadian Bitcoin Conference in Montreal (above picture), in October 2024, the author moderated a panel on bitcoin treasuries for corporations.

We direct your attention to that slide behind the panel: it depicts a balance sheet - with Bitcoin listed on the assets side, and dollars on the liabilities.

This simple schematic is what enables Michael Saylor and most other Bitcoin Treasury plays to constantly compound their shareholder returns. It's been called **"The Infinite Money Loop."**

UNDERSTANDING INFINITE MONEY LOOPS THROUGHOUT HISTORY: HUGO STINNES

Whenever one encounters an historical account of an "Infinite Money Loop", it is always an aberration made possible by the destruction of the native currency. In a word: hyperinflation.



When a currency is in the process of being debased to nothingness, *but lenders are still willing to make loans denominated in the dying currency,* an infinite money loop is possible.

The forerunner of Michael Saylor today, was a German industrialist and financier of the early 20th century named Hugo Stinnes.

Stinnes inherited a midling industrial concern from his parents in the late 1800s, and grew it during the first world war.

But it wasn't until the Weimar hyperinflation in the 1920s that Stinnes spotted "the infinite money loop" and set about borrowing vast sums of reichmarks, understanding that his debts were being hyperinflated away.

He used the funds to buy hard assets: shipyards, railways, factories, land.

At the height of the Weimar crisis, he paid off his entire debt load by liquidating one of his assets (according to legend it was one, or a small number of gold coins).

By the time the hyperinflation had run its course, Stinnes' empire had become the largest industrial conglomerate in Germany.

The recently launched Time Magazine called him "The Inflation King".

Today's parallel is that not only the US dollar, but *all* fiat currencies across the world are debasing themselves through inflation.

We are not in hyperinflation territory - at least not yet, and we may never get all the way to actual "hyper" inflation - but we are in a secular *high inflation* environment. This is because the debt bubble is too large to be addressed in any other manner, and governments will never willingly rein in their deficits or spend within their means.

That means for as long as the current monetary system holds together, the infinite money loop exists, which is why more and more companies are running the Bitcoin Treasuries Playbook - it is really a refinement of the original Hugo Stinnes maneuver:

Borrow decaying fiat, use it buy appreciating hard assets - with the determination being made that Bitcoin, owing to its hard supply limit and fixed rate of issuance, is the hardest asset of them all:

UNDERSTANDING THE POWER OF THE BITCOIN TREASURY

From there, new mechanisms are emerging to unlock the value of Bitcoin treasuries through collateralization, lending and derivatives:

BTC balances can be lent out at rates between 5% and 8%.

More interestingly, they can provide collateral for loans, which can then be used to acquire more assets.

For example, a business could raise the capital to acquire a competitor through taking out a loan against their BTC - the loan would be denominated in *fiat* currency.

Use the acquisition's cashflow to service or pay down the loan. Over time, the secular direction of Bitcoin is up[3] (in fiat terms, which is what your loans are denominated in), so through a combination of accretive FCF and collateral appreciation, the loan self-liquidates, at which point *all or most of the original collateral is recovered back to the treasury.*

Rinse, lather, repeat.

Toronto-area real estate maven, Tom Karadza[4], described how this can be applied to real estate investing in order to maximize returns on moderate cash flow properties.

Many real estate investors follow a familiar playbook: refinance a property when the time is right, then roll the equity into the next deal. However, refinancing can be cumbersome. Qualification hurdles, lender hesitance, and paperwork bottlenecks often introduce friction. An alternative approach focuses on optimizing existing cash flow by deploying it into higher-performing assets—*like Bitcoin*, without relinquishing control of the core real estate asset.

[3] Minimum four-year CAGR for Bitcoin is approximately 28%

[4] https://rockstarbrokerage.com/

This strategy capitalizes on two factors:

1. **Credit Line Leverage** – A rental property producing $475 in monthly cash flow can service a $100,000 home equity line of credit (HELOC) at 5.7% interest.
2. **Bitcoin Growth Curve** – Over any 4-year rolling window, Bitcoin's lowest compound annual growth rate (CAGR) has historically been **24%**.

The setup:

- Initial rental property value: **$750,000**
- Monthly net cash flow: **$475**
- HELOC interest rate: **5.7%**
- Bitcoin purchase via HELOC: **$100,000**
- Holding period: **10 years**
- Real estate annual appreciation: **7%** (per long-term TREB data)
- Bitcoin annual growth rate: **24%** (minimum 4-year rolling CAGR)

The outcome:

Results After 10 Years

Asset	Year 1 Value	CAGR	Year 10 Value
Rental Property	$750,000	7%	$1,475,364
Bitcoin (via HELOC)	$100,000	24%	$859,443
Combined Value	**$850,000**	—	**$2,334,806**

By reinvesting the $475/month into a Bitcoin position (a.k.a "a treasury") rather than passively holding real estate alone, the investor generates an **additional $859,443** in value—**with no additional out-of-pocket capital.**

You can read his original email to his inner circle members, which was reprinted with permission in an issue of The Bitcoin Capitalist Letter.[5]

We are beginning to see exactly this with larger-scale commercial real estate financings. In early 2025, Andrew Hohns of Newmarket Capital went on CNBC[6] to explain how they originated a refinancing on a multi-user property in Philadelphia that had blended in a Bitcoin component:

Using Newmarket's *Battery Finance* platform in the Bank Street Court transaction[7]—a $16.3 million mixed-use property in Philadelphia—Newmarket structured a $12.6 million refinance package that retired $8.9 million of existing senior debt and then funded $2 million in building upgrades *plus* an allocation of *$1.5 million into Bitcoin (20 BTC)* as part of the overall capital stack.

The CNBC piece is recommended viewing as Hohn walks the TradFi stalwarts through how this would work, to wit: "Instead of cash-out (refinancing), it's *Bitcoin in.*"

The Bitcoin serves as part of the collateral against the loan, but is owned by the property owner and becomes clear after the loan is paid (or refinanced).

Now that we've seen how Bitcoin has moved from being a speculative, highly volatile asset into a collateralized backstop in structured financial products, we can now turn our attention to how this is playing out in the public markets.

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5 https://members.thecryptocapitalist.io/wp-content/uploads/2025/02/TBC-Portfolio-February-2025-the-memecoin-trade-is-over_FINAL.pdf

6 https://www.cnbc.com/video/2024/11/22/why-newmarket-capital-ceo-andrew-hohns-is-fusing-loans-with-bitcoin.html

7 https://www.costar.com/article/916763080/bitcoin-buoys-refinancing-of-multi-purpose-property-in-129-million-deal

PUBLICLY TRADED COMPANIES ADOPTING BITCOIN TREASURIES

In order to fully understand the opportunity at hand, we need to examine two things:

1) Why are companies doing this?

Are companies who follow in the footsteps of Strategy (MSTR) merely "aping in" to the Bitcoin treasury hype, hoping to breathe new life into their share prices?

No doubt, there is an aspect of this - but it seems as if the investing public is somewhat attuned to the more superficial motivations and has little patience for them.

Companies who are successful in adopting a Bitcoin treasury strategy and who are being rewarded by investors appear to fall into one or more of the following buckets:

- **Involved in the Bitcoin or crypto space**

Most of the publicly traded Bitcoin mining companies provide core infrastructure in that they secure the blockchain. Traditionally, most of them HODL-ed as much of their mined BTC as possible (there were some exceptions, like TeraWulf[8]) - which makes them "Bitcoin treasury" plays out of the box.

In recent months, some of these miners have adopted Strategy-like tactics, such as issuing convertible debt in order to acquire even more Bitcoin and accelerate their HODL efforts.

The Bitcoin hash rate is the most computationally intense network in the world. Operating data centers at scale is an enormous undertaking, with capex running into the hundreds of millions, if not billions, of dollars to build, power and then maintain.

Public Bitcoin miners are also under pressure to grow their own own hash rate faster than the overall network - all of which necessitates a level of ideological commitment to the long-term thesis that provides baked-in credibility for them when they adopt these methods.

Beyond the miners, crypto-currency exchanges often maintain a Bitcoin treasury strategy, additional to the assets they custody on behalf of their clients. For many of these companies, BTC is preferable to cash. Those that do tend to outperform their peers.

[8] The TeraWulf **(Nasdaq: WULF)** business model is to sell their BTC as they mine it.

There are others, including LQWD Technologies (**TSX-V: LQWD**), which is a Lightning Services provider - one of the only pure plays in the space. Lightning is a Layer-2 payments protocol that sits atop the Bitcoin blockchain and can facilitate transaction throughputs that exceed even those of the VISA network.

LQWD runs 20 Lightning nodes globally, has no debt and holds 161 BTC (worth $16 million USD) against a total market cap of just $34 million - which means it has half its own share value in BTC.[9]

- **Protecting Retained Earnings / Cash**

Michael Saylor became a Bitcoiner after initially being a skeptic and then experiencing an epiphany that fiat currencies globally were in a race to the bottom.

Once he became "orange pilled", he went all-in, moving his company's cash into Bitcoin, and then, so convinced that Bitcoin was truly the hardest, rarest monetary asset in the world, embarked on a mission to accumulate as much of it as possible, even levering up to do so.

He commenced on this path after informing his Board of his intentions, going so far as to conduct a Dutch auction share buyback - at a premium - and invited any shareholders who were not aligned with his newly acquired vision, to get off the bus.

Metaplanet, a Tokyo-listed company, adopted a Bitcoin treasury strategy as a direct response to significant economic pressures in Japan and broader global financial shifts. The company's move is both a defensive measure against local currency risks in the Yen and an offensive play to capitalize on Bitcoin's unique properties as a strategic reserve asset.

Japan has faced prolonged periods of negative real interest rates, high government debt, and a persistently weak currency. In adopting a Bitcoin treasury strategy, Metaplanet explicitly cited these factors as drivers for its shift, viewing Bitcoin as a non-sovereign store of value capable of preserving purchasing power in the face of ongoing yen depreciation and fiscal uncertainty.

[9] We're in the process of undertaking a private placement in LQWD for Bitcoin Capitalist members who are accredited investors.

2) Why do Bitcoin treasury companies outperform both Bitcoin *and* Bitcoin ETFs?

Back when Michael Saylor's Strategy was still called Microstrategy, the theory on why MSTR shares were outperforming the market, and even Bitcoin itself, was because Saylor was creating a kind of de facto "BTC proxy" - filling a vacuum in the market where institutional capital could allocate to Bitcoin even if they couldn't buy it directly.

At the time there were no spot ETFs, so there was no other way to "express the thesis" other than to buy proxies. There were miners, but they are capital intensive businesses who face near existential uncertainty every four years whenever the halving comes.[10]

Without those ETFs (even though we've had them here in Canada since 2020), the closest thing to it was Grayscale: GBTC, a closed-end trust that had some issues of its own around lock-ups.

That left MSTR - and it was believed to be the reason why its share price blasted off.

It was also supposed to mean that when the spot ETFs finally arrived in the US, that trade would be over, as managers would find it easier allocate to the new ETFs - and MSTR would "lose its bid", so to speak.

Except that isn't what happened:

Vehicle	YTD	1 year	2 years
BTC (USD)	15.45%	56.81%	321.66%
BITO (Futures)	-8.19%	-16.91%	50.73%
MSTR	28.75%	141.42%	1290.65%
IBIT (ETF)	11.68%	56.34%	
OWNB	38.60%		

As at June 2025

Microstrategy (MSTR) continued to outperform Bitcoin *and* the spot ETFs - and by a wide margin.

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[10] Every 210,000 Bitcoin blocks, the reward for finding and appending the next batch of transactions cuts in half. It's called "the halving" or "halvening" and so far every halving has set off very discernible supply shocks within the ecosystem and is theorized to give rise to the distinctive four-year cycle in the BTC markets.

In the above table, we look at how various expressions of a long Bitcoin thesis performed over the current cycle (we are currently in year three of the four-year cycle, should it hold up).

Futures ETFs have lagged the price of Bitcoin, badly, while the spot ETFs have largely moved in tandem with BTC itself - no surprises there.

MSTR, however, not only continued to outperform Bitcoin *and* the spot ETFs, when all conventional wisdom declared it shouldn't - it accelerated to a near-unprecedented extent.

The final row in the table is OWNB - the new **Bitwise Bitcoin Standard Corporations ETF** which itself holds companies with a Bitcoin treasury strategy.

It's early days for OWNB, but so far it's outperforming all other expressions of the Bitcoin thesis, including MSTR.

THE BITCOIN TREASURY SPECTRUM

Today there is a spectrum for running a Bitcoin treasury strategy: on one end would be something like my own company, easyDNS,[11] where we don't necessarily lever up fiat to acquire *Bitcoin* - but we continually accumulate it out of operating revenues - and *then* we can lever *against the Bitcoin* to acquire more productive assets, such as business acquisitions.

Other companies have joined this trend through a linear conversion of balance sheet cash to BTC. Those include Tesla (**TSLA**), Reddit (**RDDT**) and active operators within the industry: Coinbase (**COIN**), Exodus Movement (**EXOD**), Block (**XYZ**) and FoldApp (**FLD**), both earning and converting other income to BTC.

At the far end of the curve, are the Strategy's, the Metaplanet's and some of the Bitcoin miners, who are levering fiat - issuing equity and structured credit instruments in order to acquire more Bitcoin.

It is important to understand the level of innovation and *torque* that these companies - as typified by Strategy - are achieving through the use of preferred shares, convertible debt and equity issues:

[11] easyDNS is still private but exploring the case for a go-public transaction within the next 18-24 months.

> *"MSTR strategically uses equity issuance, convertible bonds, and implied volatility arbitrage to build a hybrid capital stack.*
>
> *That is, it layers multiple types of funding: debt, equity, and derivatives, on top of Bitcoin.*
>
> *In effect,* ***Strategy is securitizing Bitcoin using the tools of traditional finance****.* ***It mimics central bank mechanics*** *by creating (printing) funding sources through equity and debt issuance. These instruments support fixed-income and derivative structures;* ***all anchored to the Bitcoin network****."*
>
> *— Kane McGukin, "The Future of Capital Markets: Securitizing Bitcoin to Monetize Its Volatility"*[12]

RISK VECTORS AND BEAR MARKETS

This approach is not without risks, as the McGukin paper goes on to highlight and explore. If the four-year cycle remains intact, market participants should expect - and brace for - declines on the order of *50% to 80%* in the Bitcoin price. But the question always remains: *from where?*

An 80% decline from $1 million USD Bitcoin would put a bottom in around $200K, roughly double the current spot price as of June 2025.

Is a million-dollar Bitcoin possible this cycle? Those who point to the parabolic moves in the late stages of the 2013 and 2017 cycles say we should expect it.

In many cases, Bitcoin treasury companies outperform spot BTC during bull markets, but during sideways markets, all Bitcoin stocks trend down …and in down markets - they completely tank.

We are in new territory in this epoch[13] with this Cambrian explosion of Bitcoin treasuries; the

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[12] https://members.thecryptocapitalist.io/wp-content/uploads/2025/06/Kane-McGukin-MSTR_Securitized_Bitcoin.pdf

[13] Each period between Bitcoin halvings is called an "epoch"; we are currently in the fifth epoch (after the fourth halving).

question for each of them is how will they fare in a protracted down-market on the order of 2018 or 2022 (84% and 78% respectively, peak-to-trough)

As Bitcoin comes to resemble more of a monetary base layer, one of the theories now is that in a protracted bear market, the equity "wrappers" around these BTC treasuries will act as shock absorbers.

It means, as per Swan Bitcoin[14], that:

> *"Bitcoin is maturing into something closer to sovereign debt:*
>
> *Core collateral, surrounded by layers of tradable risk.*
>
> *High volatility gets absorbed before it hits the base layer."*

Swan (and others) are stressing that contrary to prior bear cycles, this wouldn't lead to any kind of contagion like we saw in 2022 after Terra/Luna imploded, setting off a chain-reaction throughout the space:

> *"But the risk is different now.*
>
> *It's not Mt. Gox.*
>
> *It's not FTX.*
>
> *It's not cascading spot BTC liquidations.*
>
> *It's just equities repricing."*

And reprice they will, with a vengeance, although new opportunities are emerging to monetize or at least hedge this kind of volatility.[15].

In a pronounced bear cycle, Bitcoin treasury companies will be hit harder than Bitcoin itself. There is no sense hoping for the correlation to magically suspend itself during the bad times; one has to know how to handle them before they inevitably arrive.

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14 https://x.com/Swan/status/1933932437920440518

15 There are instruments like YieldMax ETFs which monetize the volatility of issues like MSTR (via MSTY), among others; there are options strategies and pair trades - more on these in another report.

Our advice to readers has always been, and remains, as follows:

- Do not try to "time" intermediate tops and bottoms when it comes to Bitcoin itself, or any of its derivative instruments.
- You take your profits when they enable you to hit a personal financial goal (a.k.a. "taking lifestyle chips off the table".)
- Do not oversize positions: if you're losing sleep, you're overweight.
- If you no longer believe your investment thesis - whether it's about Bitcoin, a derivative of it, or anything else you've invested in - you exit your position, regardless of the price.

All of which means:

- During bear markets / downturns, your single decision (assuming your thesis is intact) is whether you hold through or add more. That's it.

It should also be reinforced here that all of these investments are something separate from one's own core Bitcoin position: held in self-custody (or via a multi-sig arrangement with an institutional custody partner), one that is constantly grown via your DCA. Everyone should be their own Bitcoin treasury play.

NOT ALL BITCOIN TREASURIES ARE CREATED THE SAME:

Continuing to explore the risks posed by allocating to this theme, we now turn our attention to acknowledge that Bitcoin Treasuries are currently in vogue, and whenever that happens, the opportunists pile in.

This brings a wave of highly touted PR campaigns and hype around otherwise marginal companies announcing their own metamorphosis into "Bitcoin treasuries", usually through borrowed money or dilutive share issuances.

It's similar to prior fashions, like "Linux" or adding ".com" to your name in the late 90s or the SPAC craze and meme stocks during the COVID "Everything Bubble".

What may be different is that the investing public may be sniffing through "the story" behind these recent converts who are professing to be orange-pilled - and seeing through the hype.

Examples include the Godfather of memestocks - Gamestop - who previously managed to parlay a failing core business into a $5.2 billion cash treasury, through well-timed share issues during their day in the sun from the #WallStreetBets short-squeeze phenomenon.

GME announced an impending Bitcoin treasury strategy and then pulled the trigger on it at the Bitcoin 2025 conference, however the share price reaction was anti-climactic and has been faltering ever since - and as at mid-June 2025, appears to be breaking down completely.

As to the possible reasons why, we posited in the June issue of The Bitcoin Capitalist Letter that the market sensed a lack of conviction on the part of GME CEO Ryan Cohen, partly from the announced purchase coming in low (4,710 BTC for about $500 million, vs cash on the balance sheet more than 10X that amount) - and that Cohen literally "phoned it in", delivering his announcement remotely via Zoom instead of actually showing up to the conference.

In late May 2024, Semler Scientific (**SMLR**) announced it would adopt Bitcoin as its primary treasury reserve asset, initially purchasing 581 BTC for $40 million. The move caused SMLR's stock to jump about 25% immediately. However, those gains proved short-lived. Over the year that followed, the price spiked to a high over $80 before round-tripping back to a point only modestly above its pre-announcement level.

For whatever reasons (including a DoJ investigation into the core business - and subsequent settlement), the early enthusiasm did not translate into a sustained rally.

Genius Group Ltd (**GNS**), a Singapore-based educational tech company, announced their Bitcoin treasury in November 2024 - however after experiencing a significant pop after the

announcement, the share price has been in steady decline, now trading even below the pre-announcement levels.

What may be impacting Genius here is the overall weakness of the underlying company: chronically posting operating losses, shares tanking to the point where they had to do a 10-for-1 reverse split last summer; it seems as if the investing public suspected the BTC play was just another gimmick to boost the flagging price.

Thus it appears as though what separates the winners from the losers in the Bitcoin Treasury playbook includes the following:

- **In the Bitcoin space**: miners and Bitcoin infrastructure companies (like LQWD) are perceived to have the deep understanding required to navigate the Bitcoin economy and hold steady through the volatility.
- **Self-sustaining to profitable company:** In non-Bitcoin focused operating companies, the underlying enterprises need to be at least break-even to moderately profitable:
  i.e Microstrategy's data analytics business is admittedly an "also-ran" in the space - but it's more or less self-sustaining and can keep the lights on throughout the business.

  The market seems to perceive the difference between a company employing a BTC treasury to protect its retained earnings and balance sheet cash versus those who have no earnings or cash and are employing gimmicks to stay afloat.

  Having an OpCo that at least covers your SGA, or even better, can generate FCF to deploy, is a sweet spot for these types of businesses.
- **High conviction:** Consider the contrast between a Ryan Cohen (Gamestop CEO), literally phoning in his "big announcement" about carving off 10% of his fiat cash for BTC purchases, droning on about "if the overall thesis is correct…" versus a Michael Saylor…

The latter is beyond "all-in", levering as much as possible into Bitcoin.

Saylor is on the road constantly - at every conference, actively orange-pilling business leaders, hosting his own events, doing podcasts with one overarching message: "Bitcoin will eat the world".

The former makes your eyes glaze over. Which company are investors going to buy?

We've also recently seen an *Ethereum* Treasury company announced and the result is so far somewhat of a mixed bag:

It looks like a "pop-n-drop" in the making. Which is also congruent with one theme we've been covering in The Bitcoin Capitalist over the entire span of 2025 so far, which is how badly Ethereum has performed since The Merge, and how Bitcoin dominance is at sustained, record highs.

It's not the kind of setup that provides tailwinds for a treasury play - unless the thesis is one of extreme contrarianism.

And therein lies the point of our entire thesis: *Bitcoin is no longer contrarian.*

It is in the process of becoming mainstreamed and adopted as a component in the base layer of the next global financial system.

We don't deign to know exactly what that next system is going to look like, but we have high conviction that Bitcoin will be a part of it.

That can't be said for any other crypto-currency, aside from stablecoins - which are not really cryptos as much as they are simply digital extensions of fiat.

BITCOIN IS THE NEW BENCHMARK

It's possible that in hindsight we may think we've "buried the lede" with the following point, but it's an important one that needed the groundwork laid out before we made it.

There are numerous ways to create shareholder returns in public companies. In the olden days, the entire raison d'être for purchasing stocks was to get a share of the profits in the form of dividends.

For most of the fiat era, dividend yields went into secular decline alongside interest rates. Most of the gains from stock ownership came from capital appreciation: a.k.a. "number go up".

For our purposes, we adopted an expanded view of dividends as described in **"The P/E Ratio, A User's Manual"** (Bleiberg & Priest, 2019)[16].

[16] https://www.td.com/content/dam/tdgis/document/gl/en/pdf/insights/thought-leadership/the-P-E-ratio-a-users-manual-2023.pdf

> *"We interpret the word 'dividend' more broadly than meaning just cash dividends, we interpret it to mean whatever cash flow the company does not reinvest in its business, and which would therefore end up in the pocket of the owner if the business were privately held.*
>
> ***At a public company this cash flow can be distributed to shareholders either in the form of cash dividends, stock repurchases, or debt reduction, all of which are functionally equivalent**."*

Now, consider that the fiat era is ending, and we're entering the early innings of The Bitcoin Age. In the Bitcoin Age, the lowest four-year CAGR for BTC is 28%; while there are indications that Bitcoin's CAGR is experiencing some compression, the next closest performing assets include gold[17] at 15.42% and tech (the Nasdaq) at about 8.92%.

Now there's a new option for companies to allocate their capital - acquiring BTC. But not only that - if the CAGR for Bitcoin is higher than what the business can anticipate earning through other avenues, then the default action is to stack sats.

All the other options for deploying cash - doing acquisitions, share buybacks et al - have to be weighed against the forecasted CAGR *of Bitcoin*.

In other words: ***Bitcoin is the new benchmark***.

In the fiat era, it was the "risk-free rate" on bonds - usually the US 10-year bond.

However, as we've also extensively covered in the Bitcoin Capitalist Letter: bonds are in the twilight of a bygone era, having morphed into *return-free risk*.

As we said earlier, we may not know what the next monetary system will look like, but logic dictates that the new benchmark within it will be Bitcoin's CAGR, most likely on either a 4-year or 10-year basis.

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[17] Interesting to note as we were finalizing this paper was the report of a gold mining company - UK-based Bluebird Mining Ventures (**LSE:BMV.L**) who announced that they would henceforth be rolling their earnings from mining *gold* into acquiring *Bitcoin* for their treasury. See https://www.nasdaq.com/articles/uk-gold-mining-company-bluebird-convert-gold-revenues-bitcoin

FINAL THOUGHTS: BITCOIN TREASURY COMPANIES ARE NO SUBSTITUTE FOR *BITCOIN* ITSELF

One last point we should reiterate, just in case it was lost in the subtext.

Our working theory is that as the monetary regime change unfolds, Bitcoin will be a base-layer component of whatever comes next - and in doing so will become the benchmark against which all other assets and capital allocation decisions will be weighed.

We've seen how companies front-running this paradigm shift can avail themselves of a new financial bedrock to shore up their balance sheets, and provide them with liquidity and funding mechanisms in the future.

From that we know that when holding the *right* Bitcoin treasury companies - share value gains can surpass the rise in the underlying price of Bitcoin by a decisive margin.

However, we should remind ourselves that holding these companies is a complement to our own Bitcoin allocations ("HODLs") and *they are not* a *substitute* for it.

Every allocator, regardless of the scale they're operating at - individual, family, small business, corporation, etc. - should have a core holding of Bitcoin, properly custodied, while continually adding to it through a DCA[18] program, or some other systematized methods of incrementally adding to your stack.

[18] Dollar Cost Average

CONCLUSION

It is critical to understand that the Bitcoin Treasury playbook is not a "trade" but rather an expression of a thesis that sees Bitcoin as a base-layer component of an emergent new financial system. It is a manifestation of the "Monetary Regime Change" we've been prognosticating since the original Crypto Capitalist Manifesto.

While there are some who view anything other than self-custodied BTC as some kind of bastardization of the entire Bitcoin ethos, it seems somewhat naive to expect a monetary revolution without changes in institutions, payment systems - and some manner of financialization to occur.

These are not distortions or "betrayals" of Satoshi's vision, as much as they are confirmations of it.

This is what "winning" looks like, so let's stick with the winners.

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