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TRADE LENS

Bringing investing into focus.

CRYPTO INSIGHT / No.10

Index exclusion · Passive flows · Bitcoin treasury financing

Bitcoin Treasuries Leaving MSCI

Is Strategy's Financing Model Under Threat?

From index rebalancing to issuance, preferred buybacks and dollar liquidity

30 NOV 2026	$283.8m	66.3%
Effective after the close [1]	Net common proceeds, 2 - 8 Nov [5]	Used for STRC repurchases [5]

MSCI demand can shrink without an immediate BTC sale.

But the conditions for raising new capital become tougher.

A financing and capital-allocation analysis of the November exclusion, distinguishing slower accumulation from a cash shortfall.

Analysis date 14 NOV 2026

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Market structure, financing, liquidity and value capture

01 / RESEARCH VIEW

The pressure is on accumulation, not automatic liquidation

TradeLens view | Exclusion can change the price of capital and the priority of its uses.

Core conclusion

MSCI exclusion does not automatically liquidate Strategy's bitcoin. But weaker common-equity demand can make a given dollar raise more dilutive. New proceeds may then support preferred repurchases, dividends and dollar liquidity before buying more coins. The base case is **pressure on accumulation and per-share efficiency, rather than an immediate payment crisis**.

What changes?

Strategy's removal was announced in the November review. Implementation follows the close on 30 November; the announcement and portfolio rebalancing are separate stages. [1] [8]

Why does it matter?

Lost index demand is not a direct corporate cash outflow. It can instead worsen issuance terms, changing both feasible proceeds and dilution borne by existing shareholders.

Who is exposed?

Common holders face dilution and residual-value risk. Preferred holders are affected by payouts and repurchases. Bitcoin markets face changes in incremental corporate demand.

What would change the view?

Stable issuance economics and liquidity after exclusion, followed by higher BTC per share without compromising priority payments, would demonstrate resilience.

The shock does not arrive at an empty balance sheet. At 8 November, the company reported a $4.77bn USD Reserve and $146.2m of USD Cash. Yet 66.3% of 2 - 8 November proceeds went to STRC buybacks. That week preceded the exclusion announcement: the index shock overlays an existing capital-allocation shift. [5]

A decision framework

Index-linked share demand → realized issuance price and net proceeds → priority cash uses → BTC purchases or sales → economic value left per common share. The continuity of this chain determines the model's quality.

02 / EVENT & METHODOLOGY

Removal is announced; implementation is still ahead

A new non-operating-company screen applies—not a blanket ban at 50% bitcoin ownership.

Date	Documented stage	Analytical significance
January 2026	No blanket DAT exclusion in the February review; broader review planned [10]	Deferral did not guarantee permanent membership.
15 October	Non-operating-company methodology finalized [2]	An operating-assets screen precedes five financial ratios.
11 November	Review and final-impact announcements; Strategy deletion reported [1] [3] [8]	Distinguish the price response from actual tracking-fund trades.
After 30 November close	Scheduled implementation [1]	This is an index rebalance, not a bitcoin redemption date.

Existing constituents are assessed over two annual filing periods

An issuer failing the core screen becomes ineligible if flagged on at least four of five ratios. An existing constituent is removed only after failing in both of its two most recent annual filing periods; MSCI may also use the latest interim filing. The new framework replaces the prior interim measures associated with the 50% digital-asset threshold. [2]

> **Classification is not a solvency judgment**
>
> MSCI's "non-operating" label addresses index eligibility. It does not determine corporate legal existence, exchange listing, asset ownership or insolvency. Strategy opposed this classification in its consultation response. [9]

Removal of individual companies is not automatic exclusion of every bitcoin holder. A separate notice applies the treatment to the MSCI US Index Series; each index's notice governs its own changes. [4]

03 / PASSIVE FLOW MECHANICS

Shares sold by funds are not cash spent by the issuer

Separate secondary-market trades from new issuance to identify the direct effect.

Index change
Constituents and weights

Tracking funds
Adjust MSTR holdings

Counterparty
Another investor buys

Issuer
Existing assets remain

Transaction	What happens	Direct corporate effect
Index-tracking sales	Existing shares trade between investors	Sale proceeds normally belong to the selling investor.
Corporate ATM issuance	New shares are sold into the market	Net cash and shares outstanding both increase.
Corporate BTC sale	The company monetizes its coins	Bitcoin units decline; cash increases.
Exchange delisting	Separate exchange rules and procedures	Not the same event as MSCI index deletion.

The denominator behind any potential-selling estimate

A mechanical estimate starts with actual tracking assets × security weight × adjustment. Counting one fund at multiple index levels, or treating all benchmarked active assets as mandatory sellers, inflates the result. Pre-positioning, derivatives, sampling and demand from new buyers also alter execution.

TradeLens interpretation

Exclusion is not a withdrawal from the company's bank account. But the absence of a direct cash outflow does not mean there is no business impact: weaker prices and liquidity can change the economics of the next capital raise.

This report does not estimate confirmed fund orders or liquidation amounts from investor-level holdings. MSCI notices and reporting on individual deletions establish the event's scope and timing. [1] [8]

04 / FINANCING TRANSMISSION

A price shock changes the capital that can be raised

Conditional transmission | Separate bitcoin's price from the company's financing premium.

Share demand → Index, active, retail

Issue terms → Price, volume, fees

Net proceeds → Cash versus dilution

Allocation → BTC, payouts, buybacks

Channel	Conditions that weaken the model	Potential buffer
Price	More new shares are needed for the same cash	Issue price above underlying assets; new demand
Liquidity	Larger issuance relative to trading capacity	Slower issuance; existing dollar liquidity
Preferred	Payouts and buybacks absorb new proceeds	Price stability; fewer priority claims
Debt	Holder puts or worse refinancing terms	Dated cash budgets; debt reduction

A rising bitcoin price can lift asset value without restoring the share-issuance premium at the same speed. Conversely, bitcoin can be unchanged while weaker equity demand reduces the issue price relative to assets. Asset prices and funding terms are linked, but remain distinct variables.

Remaining ATM capacity is not committed cash

At 8 November, $18.3373bn remained under the common-stock ATM. It is capacity to sell registered securities—not an underwriting commitment or bank balance. It becomes cash only if investors accept the price, quantity and terms. [5]

The central risk is a weaker link from **issuance capacity to net proceeds to per-share accumulation**, rather than automatic coin liquidation. The effect is material only to the extent that other buyers fail to replace the lost index-linked demand.

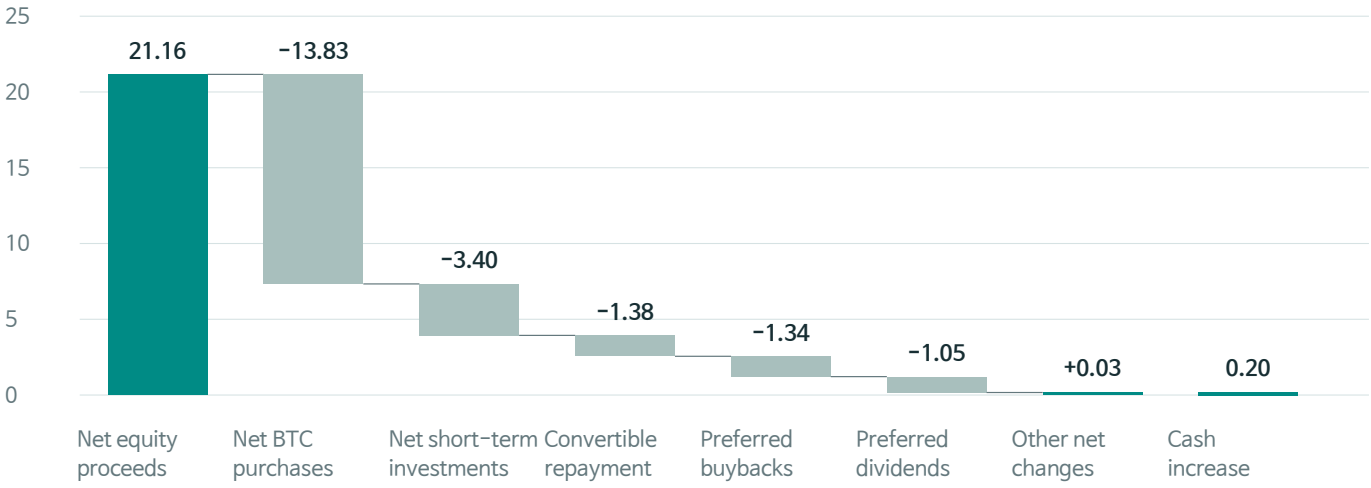
05 / CASH-FLOW BRIDGE

Not all capital raised becomes new bitcoin

Reconstruction of consolidated cash flows for the same nine-month period in 2026.

From net equity proceeds to the cash increase

$bn · nine months



Net equity proceeds deduct cash issuance costs from common and preferred offerings. Net BTC purchases = $14.260bn purchases − $0.432bn sale proceeds. Net short-term investments move funds into liquidity assets; they are not consumed operating expenses. [6]

Cash use or balance change	Economic meaning
Net BTC purchases: $13.828bn	New capital is allocated to a price-sensitive asset.
Note repayment + preferred buybacks + dividends: $3.769bn	Maintaining and reshaping the capital structure competes with acquiring coins.
Cash and restricted cash increase: $0.200bn	Ignoring short-term investments understates liquidity accumulation.

Implication

The model is more than “issue shares, buy bitcoin.” Debt, dividends, buybacks and liquidity buffers compete for the same funding. If exclusion constrains financing, accumulation can slow before payment capacity is exhausted.

Other net changes of $0.033bn combine operating cash, options and employee-share proceeds, capital spending, other secured-debt repayment and FX. Unrounded closing change: $0.199784bn, including restricted cash. [6]

06 / LATEST ALLOCATION

Two-thirds of the latest raise went to preferred buybacks

The 2 - 8 November activity preceded the 11 November announcement; it is not an ex-post effect.

Uses of $283.8m in net common-stock proceeds

$m / share of proceeds



Bitcoin purchases	**81.9 / 28.9%**
STRC preferred repurchases	**188.3 / 66.3%**
Allocation to USD Cash	**13.6 / 4.8%**

Activity in the same week	Disclosed amount
Common shares sold	2,051,348
Bitcoin acquired	1,036 BTC · average $79,012
STRC repurchased	1,887,464 shares · $188.3m
BTC held at 8 November	850,364 BTC

Separately, $21.1m of preferred dividends was paid from the USD Reserve that week. Deducting it again from the $283.8m allocation would mix distinct funding sources. The disclosed share-sales figure includes unsettled transactions. [5]

The starting point for assessing exclusion

Substantial new funding was already directed to preferred repurchases. After exclusion, track not only total proceeds but **the share left for BTC purchases, preferred pricing and dollar balances**. One week's allocation is neither an annual policy nor a permanent ratio.

07 / PER-SHARE ECONOMICS

More coins can coexist with less accumulation per share

Holdings, BTC Yield and accounting gains measure different outcomes.

+26.0%
BTC units: Dec 2025 to Sep 2026

-3.7%
Company BTC Yield: nine months

+$14.3m
Operating cash: nine months [6]

Bitcoin holdings rose from 672,500 at year-end 2025 to 847,666 at September-end, while nine-month BTC Yield was -3.7%. This is the company-defined change in BTC per assumed diluted share—not interest income or a share-price return. [6]

Use of issuance proceeds	Simple BTC/share measure	Value to assess alongside it
Purchase bitcoin	May improve or deteriorate with issue price and size	Fees and price relative to underlying assets
Hold dollar assets	A headwind if BTC does not increase	Payment capacity and financing flexibility
Repurchase preferred	A headwind if BTC does not increase	Reduction in preferred claims and future payouts

Fair-value gains are not a dividend cash budget

The Q3 release reported operating income and unrealized digital-asset gains of about $20.91bn each. These are not equivalent to cash receipts. Quarterly profit and nine-month operating cash are not directly subtracted as if they covered the same period. [7] [6]

A broader assessment

BTC/share alone can miss the benefit of eliminating preferred claims. Total BTC alone can miss common dilution. Assess **coin units, diluted shares, priority claims and dollar liquidity** together to understand the residual economic position of common shareholders.

08 / ISSUANCE SENSITIVITY

Issue price determines what the same raise achieves

Illustrative model | Not Strategy's current mNAV, share valuation or financing forecast.

Assume $100m initial net assets, one million common shares and $100 NAV per share. Raise $20m gross, deduct a 2% fee and buy bitcoin with all $19.6m net proceeds. Asset prices, debt, preferred claims and other cash stay unchanged in this simplified example.

Post-issue NAV per share at different issue multiples

$/share · dashed line: initial $100



Post-issue NAV/share = (100 + 20×0.98) ÷ [1 + 20÷(100×m)]. Dollar and share totals are in millions. Here m is issue price divided by pre-issue NAV/share; it is not the company's enterprise-value-based mNAV definition.

Break-even multiple

Accretion requires m 〉 1÷0.98, or about 1.0204×. Simply issuing above asset value is insufficient once fees are included.

Connection to exclusion

If lower index demand reduces the realized issue price, a fixed raise creates more dilution. Other buyers can still preserve issuance economics by absorbing the supply.

Economic conclusion

The relevant question is not whether shares were issued, but whether net asset growth compensates for the new shares' claims. If some proceeds pay dividends or fund buybacks, outcomes differ from this all-BTC-purchase model.

09 / PREFERRED CAPITAL

Preferred capital is not a free substitute for equity

Cash payouts, issue prices and repurchase policies shape effective financing costs.

Strategy manages STRC pricing, dividends and repurchases jointly. Its stated policy includes not issuing STRC below its $100 stated amount. Restricting issuance at low market prices limits capacity, but avoids the higher cash cost of discounted issuance. This is company policy, not a regulatory guarantee. [7]

Illustrative issue price	Net proceeds after 2% fee	Annual payout of 12 / net proceeds
100	98.0	12.24%
95	93.1	12.89%
90	88.2	13.61%

Units: hypothetical dollars per security. Annual payout is fixed at 12. This is not a forecast of permitted prices, dividends or total capital cost. Redemption, tax, time value and price changes are excluded. The 95 and 90 cases differ from the stated company policy.

Benefit of repurchases

Buying and retiring preferred securities can reduce future payouts and priority claims. The purchase price matters; the cash is not simply lost without an offsetting benefit.

Cost of repurchases

Cash used for buybacks cannot simultaneously acquire BTC or build liquidity. Funding repurchases with new common stock leaves dilution with existing common holders.

Transmission to bitcoin markets

Even with funding channels open, not every new dollar becomes bitcoin demand. If capital defense takes priority after exclusion, the BTC-purchase share can weaken before gross capital raising does.

10 / DOLLAR LIQUIDITY

Dollar buffers exist, but do not cover every obligation

Separate management-designated assets from accounting cash by date and scope.

Date and measure	Disclosed value	Interpretation boundary
30 Sep balance sheet	$2.5015bn cash/equivalents + $3.4045bn short-term investments [6]	Not identical to restricted cash or management allocations.
25 Oct management metric	USD Assets about $5.0724bn [6] [7]	$4.83bn USD Reserve + $242.4m USD Cash.
Same 25 Oct assumptions	Annual preferred dividends and interest: about $1.51bn [6]	Company coverage of about 40 months covers those payouts.
8 Nov weekly disclosure	$4.77bn USD Reserve + $146.2m USD Cash [5]	Do not combine a later balance and an earlier spend rate into a definitive current runway.

Forty months is not a principal-inclusive cash budget

The company's coverage estimate uses payout and interest assumptions at that date. It does not promise to fund note principal, additional bitcoin, further repurchases and all operations. Policy and market changes can alter use rates. The USD Reserve is a management-designated pool, not deposit insurance or an external guarantee. [6]

Why an immediate-crisis thesis is too strong

Disclosed dollar resources weaken the argument that exclusion forces immediate coin sales. Persistent unfavorable issuance terms combined with payouts and principal needs can still narrow choices. Track **the source of balance changes and future payment dates**, not the balance alone.

Do not add snapshots. September figures are consolidated accounting balances; October and November figures use management categories. Scope and unsettled transactions follow each disclosure. [5] [6]

11 / BITCOIN MONETIZATION

Bitcoin sales already occurred before exclusion

Separate $431.8m of nine-month proceeds from decisions that may follow the index event.

The cash-flow statement records $431.763m of digital-asset sale proceeds in January - September. The company also described monetization to fund dividends and STRC repurchases. It is therefore incorrect to assume that it had never sold coins, or that index removal would trigger its first sale. [6] [7]

Capital sources
Shares and other cash

Cash uses
Payouts, debt, buybacks

Funding choice
Dollars, issues, sales

Residual effect
BTC units and per-share value

Illustrative BTC price	Units needed to raise $300m	Versus base
$90,000	Approximately 3,333.3 BTC	Base
$75,000	4,000.0 BTC	+20.0%
$60,000	5,000.0 BTC	+50.0%

Units = cash requirement ÷ sale price. Fees, taxes and market impact are excluded. These are explanatory assumptions, not a sale plan or price forecast. Falling asset prices require more coin units to satisfy the same dollar obligation.

The distinction that changes the assessment

Separate mechanical liquidation supposedly caused by an index rule from sales chosen for liquidity or capital optimization. The latter become more likely if payouts, principal, buybacks and financing conditions deteriorate together. Assess the purpose of sales and the claims they replace—not the sale alone.

12 / OBLIGATION CALENDAR

Holder puts can arrive before headline maturities

A future right creates contingent cash needs; the date does not imply that holders will exercise.

Holder put date	Convertible notes	Cash-planning implication
15 Sep 2027	2028 notes	Principal may be required before stated maturity.
1 Mar 2028	2030 B notes	Depends on conversion incentives and refinancing.
1 Jun 2028	2029 notes	Remaining debt after an earlier partial repurchase.
15 Sep 2028	2030 A and 2031 notes	Several rights can fall on the same date.
15 Jun 2029	2032 notes	Long headline maturity does not eliminate earlier cash risk.

The disclosed rights generally allow holders to require payment of 100% of principal plus applicable accrued interest. Debt principal totaled $6.75bn at September-end. Subsequent refinancing, repurchases, conversion and exercise determine actual payments. [6]

The limit of low coupons

Little cash interest does not eliminate principal. If share prices do not encourage conversion, expectations of substituting equity for repayment become less reliable.

Value of early adjustment

In May 2026, Strategy repurchased $1.50bn principal of the 2029 notes for about $1.38bn cash. It reduced debt, but used liquidity to do so. [6]

The event's relevant horizon

30 November is an index date. Sustainability depends more on meeting later dividends, puts and refinancing without damaging dilution. Index exclusion alone is not treated as immediate debt acceleration.

13 / VALUE & SPILLOVERS

The shock reaches investors through different claims

Corporate equity and spot ETFs do not provide the same form of bitcoin exposure.

Stakeholder	Direct exposure	Economic effect to assess
Existing common holders	Dilution, priority claims, asset prices	BTC/share alongside debt and preferred-claim reduction
Preferred holders	Payout policy, pricing, buybacks	Issuer liquidity, payout capacity and security-specific rights
New equity buyers	Absorbing other investors' sales	Payment structure and future dilution—not the discount alone
Bitcoin market	Corporate net buying or selling	Actual coin transactions, not the value of shares sold
Other treasury companies	Index exposure, financing and maturities	Do not assume Strategy's capital structure applies to peers

Selling a share is not a claim to redeem coins

A seller of Strategy common stock normally sells to another investor; the company does not return an equivalent amount of BTC. ETF creation and redemption instead follow product terms and authorized-participant procedures. Equating the two markets' turnover or redemptions overstates direct cash pressure on the issuer.

> **Redistribution matters more than headline selling**
>
> Issuing common stock to retire preferred can reduce priority claims while increasing common shares. Rather than labeling this automatically bad dilution or good optimization, compare cash spent, claims extinguished and the value surrendered through new shares.

MSCI eligibility decisions do not automatically bind other index providers. Estimates that assume follow-on exclusions elsewhere are not confirmed outflows. [2] [8]

14 / OUTLOOK & FALSIFICATION

Base case: slower accumulation, not payment collapse

A directional view must connect issuance terms, allocation choices and dated obligations.

Conditional path	Evidence required	Economic assessment
Base: capital defense	Issuance continues, but cash preservation and buybacks take a large share	Weaker accumulation and per-share efficiency without an immediate payment crisis
Recovery: new buyers absorb	Stable trading and issuance prices; BTC/share improves after priority payments	Lower index dependence and a resilient funding model
Stress: funding and assets weaken	Slower net raises, lower dollar balances, greater sales and put pressure	Dilution and monetization increasingly burden common residual value

What the next disclosures should change

Around 30 November: separate MSTR trading and price effects from broad markets and bitcoin. **Subsequent weekly filings:** align net ATM proceeds, STRC buybacks, BTC net transactions and dollar balances. **Next quarter:** assess payouts and debt adjustments alongside per-share measures.

Evidence reinforcing the view

If funding persists but little reaches BTC and dollar buffers fall, capital-structure maintenance is taking priority over accumulation.

Evidence overturning the view

If post-exclusion net issuance prices stay firm and BTC/share rises without weakening claims coverage or liquidity, the vulnerability thesis should be reduced.

Final assessment

Exclusion does not confiscate assets; it changes **the conditions for capital inflows**. Sustainability depends less on total coins than on funding costs, payment priorities and value left for common holders. Existing buffers help, but cannot offset unfavorable financing indefinitely.

15 / SOURCE REGISTER

Index decisions and weekly capital allocation

Teal reference numbers, source titles and “Open source” link directly to the underlying material.

01. MSCI | November 2026 Global Standard Index Review

Open source

11 Nov 2026 · Index announcement · Implementation after the 30 Nov close

02. MSCI | Non-operating-company eligibility decision

Open source

15 Oct 2026 · Methodology decision · Core screen, five ratios and buffers

03. MSCI | Final impact list for non-operating companies

Open source

11 Nov 2026 · Final-impact announcement · New eligibility implementation

04. MSCI | Non-operating companies in the U.S. Index Series

Open source

11 Nov 2026 · Index announcement · Extension to the MSCI US Index Series

05. Strategy | Form 8-K filed 9 November 2026

Open source

9 Nov 2026 · SEC filing · Item 8.01: 2 - 8 Nov issuance, uses and dollar assets

[1] - [4] are MSCI index and methodology announcements. Separate the announcement from implementation; [8] supplements individual deletion coverage. The 2 - 8 November period in [5] precedes the 11 November announcement. Exclusion from an index is not exchange delisting or automatic removal of every digital-asset company.

16 / SOURCE REGISTER

Filings, company policies and their scope

Distinguish official accounting data, management metrics and supplementary journalism.

06. Strategy | Form 10-Q for the quarter ended 30 September 2026

Open source

2 Nov 2026 · SEC filing · Statements; Notes 6, 10, 12; liquidity and KPI sections

07. Strategy | Q3 2026 results and capital-framework update

Open source

29 Oct 2026 · Company release · 25 Oct assets, BTC Yield, sales and STRC policy

08. Reuters | MSCI to remove Strategy from its global indexes

Open source

11 Nov 2026 · Supplementary reporting · Strategy, Metaplanet and affected names

09. Strategy | Company response to the MSCI consultation

Open source

Consultation response · Company position · Objections on neutrality and classification

10. MSCI | Result of the digital-asset-treasury consultation

Open source

January 2026 · Historical decision · No February exclusion; broader review planned

[6] covers September balances, nine-month cash flows, subsequent events and management metrics. [7] presents company results and policies, not independent guarantees. [8] is supplementary reporting on individual removals, not an official filing. [9] is the company's consultation position. Calculations use the stated periods and scopes; no confirmed investor orders, current live mNAV or future prices are estimated.

17 / METHODOLOGY & USE

Methodology, disclaimer and permitted use

Facts, company policy, TradeLens analysis and illustrative assumptions are distinguished.

Item	Basis
Scope and date	14 Nov 2026: Strategy and MSCI's November exclusion. Changes are scheduled after the 30 Nov close.
Data periods	September-end and nine-month consolidated filings; 25 Oct management metrics; 2 - 8 Nov weekly activity.
Units and calculations	USD, millions and billions are distinguished. Page 6 reconstructs cash flows; page 7 calculates allocation shares.
Illustrative assumptions	Page 9 issuance, page 10 payouts and page 12 coin sales are simplified models—not company forecasts or current equity valuations.
Service scope	Market structure, financing, capital allocation and liquidity. No recommendations, trading timing, target prices or personalized advice.

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