

LISTED RESERVE

MoneyBits

Microstrategy

| Strategy ^B | | | | Analytics | Company | Software | | | | | | | |
|------------------------------------|---------------------------------------|---|---|-----------|---------|------------|--------|--------|---------|--------|-----------|------|------|
| MSTR | STRC | STRD | STRK | STRF | BTC | DEBT | CREDIT | ASSETS | OPTIONS | CHARTS | PURCHASES | INFO | DATA |
| Dashboard | | | | Dividends | | Learn More | | | | | | | |
| STRC Price | Effective Yield | Risk-Free Rate | 30D Sharpe | | | | | | | | | | |
| \$74.57 -\$1.12 (-1.48%) | 15.42% | 3.8% | 0.33 | | | | | | | | | | |
| Notional (\$M) | Market Cap (\$M) | Trading Volume (\$M) | Avg Trading Vol (30D) (\$M) | | | | | | | | | | |
| \$10,489.5 | \$7,822.0 -\$117.5 (-1.48%) | \$466.5 | \$402.4 -\$2.1 (-0.53%) | | | | | | | | | | |
| Current Dividend (Variable) | Hist Volatility (30D) | Hist Volatility (1Y) | Implied Volatility | | | | | | | | | | |
| 11.50% | 34.6% | 17.7% | 78.4% | | | | | | | | | | |
| MSTR Correlation | BTC Correlation | SPY Correlation | SPPREF Correlation | | | | | | | | | | |
| 52% | 37% | 21% | 26% | | | | | | | | | | |
| 1M VWAP | Open Interest (\$M) | Record Date | Next Payout Date | | | | | | | | | | |
| \$90.13 -\$1.31 (-1.43%) | \$432 | 6/15/2026 Transition Record Date: 6/30/2026 | 6/30/2026 Transition Payout Date: 7/15/2026 | | | | | | | | | | |

One of the things that normally highlights peak fear, or indeed the depths of a bear market, is rumblings about Microstrategy. Their monthly dividend product STRC has declined in price to \$74 despite it being designed to operate at, or about par. The rough mechanism is this:

The "Thermostat" Mechanism

The defining feature of STRC is its variable dividend. Strategy dynamically adjusts the interest rate every month to strip away Bitcoin's wild price swings and force the stock to trade as close to its \$100 par value as possible.

Think of it like a thermostat designed to regulate supply and demand:

- **If the price rises above \$101:** Strategy reduces the dividend rate by 0.25% the following month. This cools off buyer demand and brings the price back down.
- **If the price drops between \$95 and \$99:** Strategy increases the dividend rate by 0.25% to entice new buyers and push the price back up.
- **If the price falls below \$95:** Strategy aggressively increases the rate by 0.50%.

It's an interesting situation now. The instrument stands well below par and yields 15.4%. Strategy can either increase the interest rate to bring the underlying price higher or more likely, simply buy it back at the discount.

I'm not a huge fan of these products because they work best for the issuer, rather than the holder. Only they can make the ultimate decisions; do we increase the coupon or buy back? There is so much flexibility for them, you never really know where you stand. As a reminder the Microstrategy preferred stocks look like this.

| Ticker | Nickname | Dividend Rate | Payment Frequency | Dividend Type | Convertible? | Seniority |
|-------------|----------|---------------|------------------------|----------------|--------------|-------------------|
| STRF | Strife | 10% Fixed | Quarterly | Cumulative | No | 1st (Most Senior) |
| STRC | Stretch | Variable | Monthly / Semi-Monthly | Cumulative | No | 2nd |
| STRK | Strike | 8% Fixed | Quarterly | Cumulative | Yes | 3rd |
| STRD | Stride | 10% Fixed | Quarterly | Non-Cumulative | No | 4th (Most Junior) |

Notably, STRC is the most flexible because they can play with the coupon every month. The whole idea being that it trades at par, and the coupon flexibility *should* drive that. Naturally, everyone is enjoying Michael Saylor 'suffering' as a result of these wild swings but it's actually genius because the one making all the money is him. He can fear farm off this indefinitely and if you believe like he believes, STRC at \$74 is ridiculous. That said, it was ridiculous at \$85.

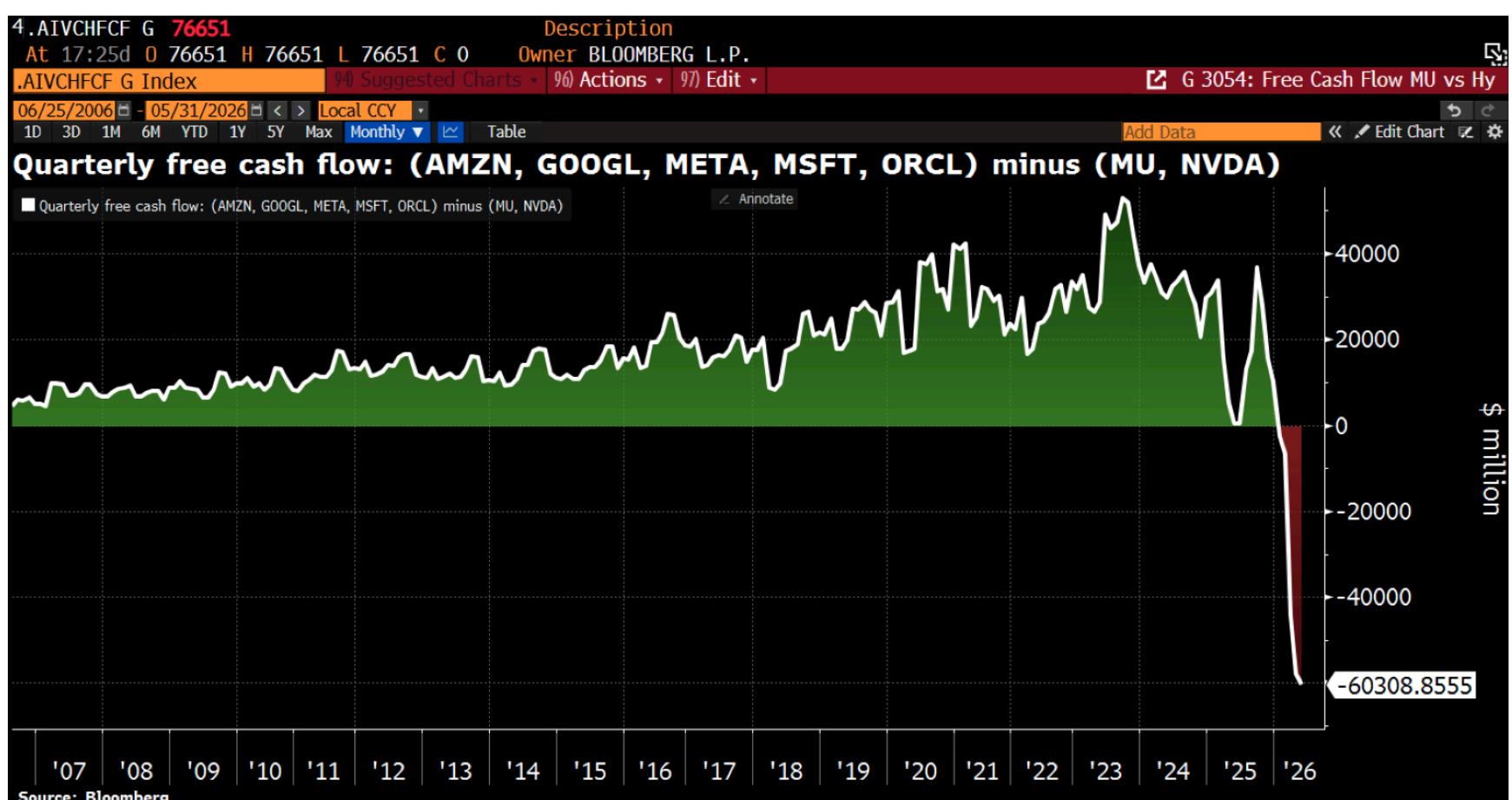
Sure enough, on [Tuesday](#) they firmed up their position announcing a 'Digital Credit Securities Repurchase Program', which enables them to buy up to \$1bn of STRC (or any of the preferred stock) on the market. Presumably when it trades at a discount like it is today.

The other, sensible, thing they did is announce they can sell up to \$1.25 billion (about 3.5% of their holdings) in bitcoin to fund their instruments' financing cost. We need to get into a rhythm of Microstrategy being able to buy and sell bitcoin at opportune times. It's sensible and the quicker everyone gets used to it the better.

Still, there is lots of criticism, 'financial engineering' etc. Overall though they are just wrappers on bitcoin. No different from options on shares, no different from warrants. In the world of Wall Street these products wouldn't qualify as even a little bit complex. That so many people think they are reveals how little is understood about the gremlins that sit beneath their current accounts.

Anyone for an ANZ [Bermudan swaption](#)?

Where'd the money go?



Basically it went to Micron and NVIDIA, in enormous bucketloads. The impact of this will be felt much more widely though than just in the cash balances of MAGMO. It is having a material effect on everyone who buys an electronic device. The price increases at Apple this week were simply eye watering.



| | | |
|-----------------------|-------------------|--------|
| iPad Air | \$599 → \$749 | ↑25% |
| iPad Pro | \$999 → \$1,199 | ↑20% |
| MacBook Neo | \$599 → \$699 | ↑16,7% |
| MacBook Air | \$1,099 → \$1,299 | ↑18,2% |
| MacBook Pro | \$1,699 → \$1,999 | ↑17,7% |
| iMac | \$1,299 → \$1,499 | ↑15,4% |
| Mac mini (M4 Pro) | \$1,399 → \$1,599 | ↑14,3% |
| Mac Studio (M4 Max) | \$1,999 → \$2,499 | ↑25% |
| Mac Studio (M3 Ultra) | \$3,999 → \$5,299 | ↑32,5% |
| Vision Pro | \$3,499 → \$3,699 | ↑5,7% |
| HomePod mini | \$99 → \$129 | ↑30% |
| HomePod | \$299 → \$349 | ↑16,7% |
| Apple TV | \$129 → \$199 | ↑54,8% |

Check out the 32.5% increase on the Mac Studio M3 Ultra. This is the go-to rig for those running AI models locally. I must say though, hats off to Tim Cook. He took this pain right at the end of his reign and he could have left the issue for the incoming CEO John Ternus.

I had the view that this chip boom would be like all the others and play out over 18 months as demand for the newest chips dies down. I'm not sure though. There is no limit to the amount of intelligence we can deploy, we can keep on doing it up the exponent. It seems the only thing that will slow it down is energy, we can't energise the chips at the rate we build them. Demand for intelligence though is not like demand for the PlayStation 5 in 2020. For practical purposes, it may be unbounded. Even one person's demand is theoretically infinite.

During the lawsuit brought by Elon Musk against OpenAI (which Elon lost) it was pointed out that Elon was very keen to ensure that it was his descendants that inherited OpenAI as a non-profit so they would 'control the superintelligence'.

One thing is certain, in the next five years perhaps 10% of the world will be able to afford the superintelligence and everyone else will use something weaker. Then 5%, then 1%. What then?

The USA

It's hard to find people these days who will speak positively of the USA. There are many reasons, Trump chief among them. So perhaps our perspective on the place is completely off. We hear of terrible times in California and New York; "everyone's moving to Florida" etc. ICE agents are throwing people out of windows, and your children will almost certainly get shot if they go near a school.

There is someone though in America, who has no agenda, whose opinion I was interested to hear. Perhaps the world's best footballer of the moment, Norwegian, Erling Haaland. When he hasn't been playing for Norway he has been in full tourist mode, trying the food, going to an ice hockey game and generally mingling incognito with Americans. Of the anthem at the game he said:

"They have so much pride for their country. They love their country so much. Everything about it. National anthem was incredible. It was amazing, I had goosebumps all over!"

He went on, "I love this place so much, I don't know what it is, I can't put my finger on it".

The fact is the Americans are fabulously rich and have been getting fabulously richer than the rest of the world for about 10 years. Clearly it pays nobody in the EU or Australia to admit it. No politician will point to it and yet everyone over there keeps asking, "what happened? I love it, I want to stay but the coffee is \$15 and I cannot afford to stay."

The US went for it though, they are still going for it at one thousand miles an hour. We aren't.

That's why Erling Haaland loves it. It's also why we never hear about it because we might ask awkward questions of those that set the economic agenda wherever we live.

Where is our abundance? Where is our AI? Where are our Colossal Data Centres? Where are our (much safer) self driving cars? Where is our drone delivery?

Meanwhile:

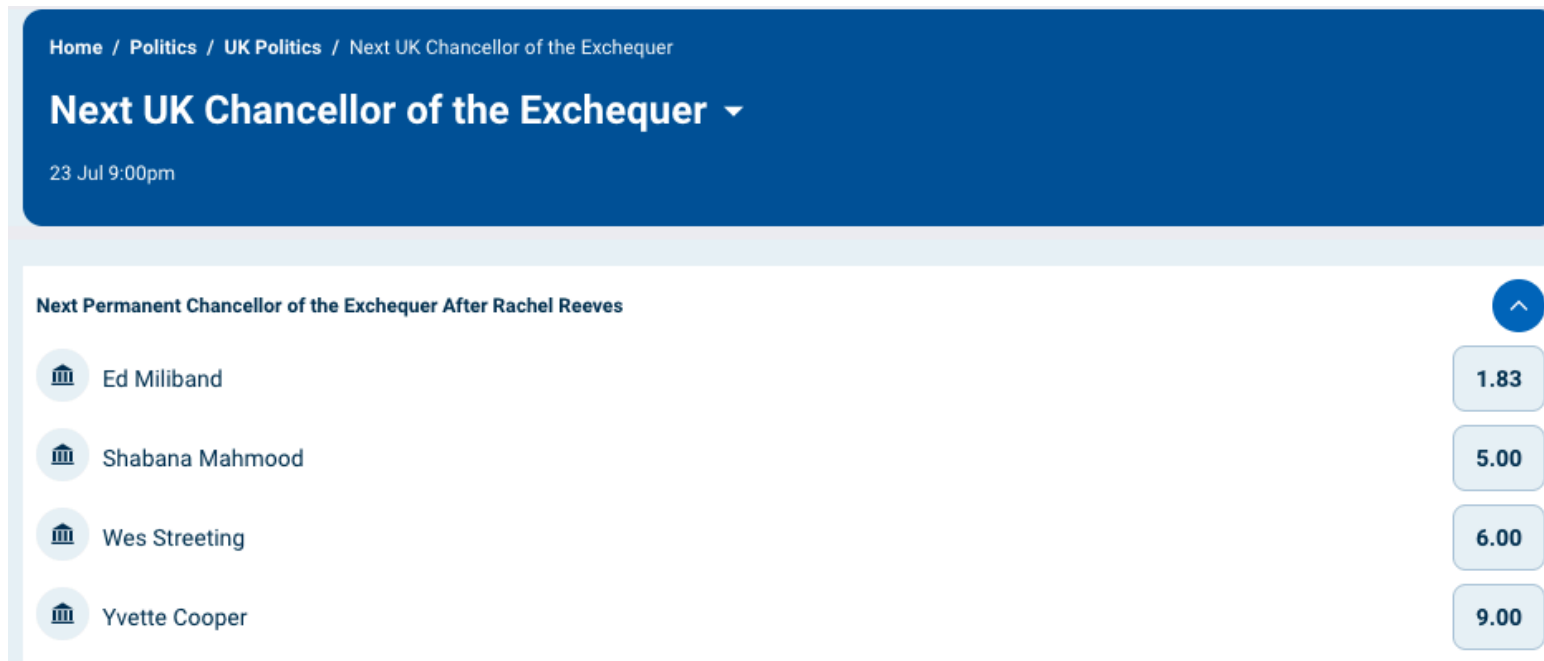
Albanese announced Labor would introduce legislation on Monday that doubles the fine ceiling from \$45 million to \$99 million for social media companies who fail to adhere to the government's under-16s social media ban.

The difference in mindset is enormous.

Andy Burnham

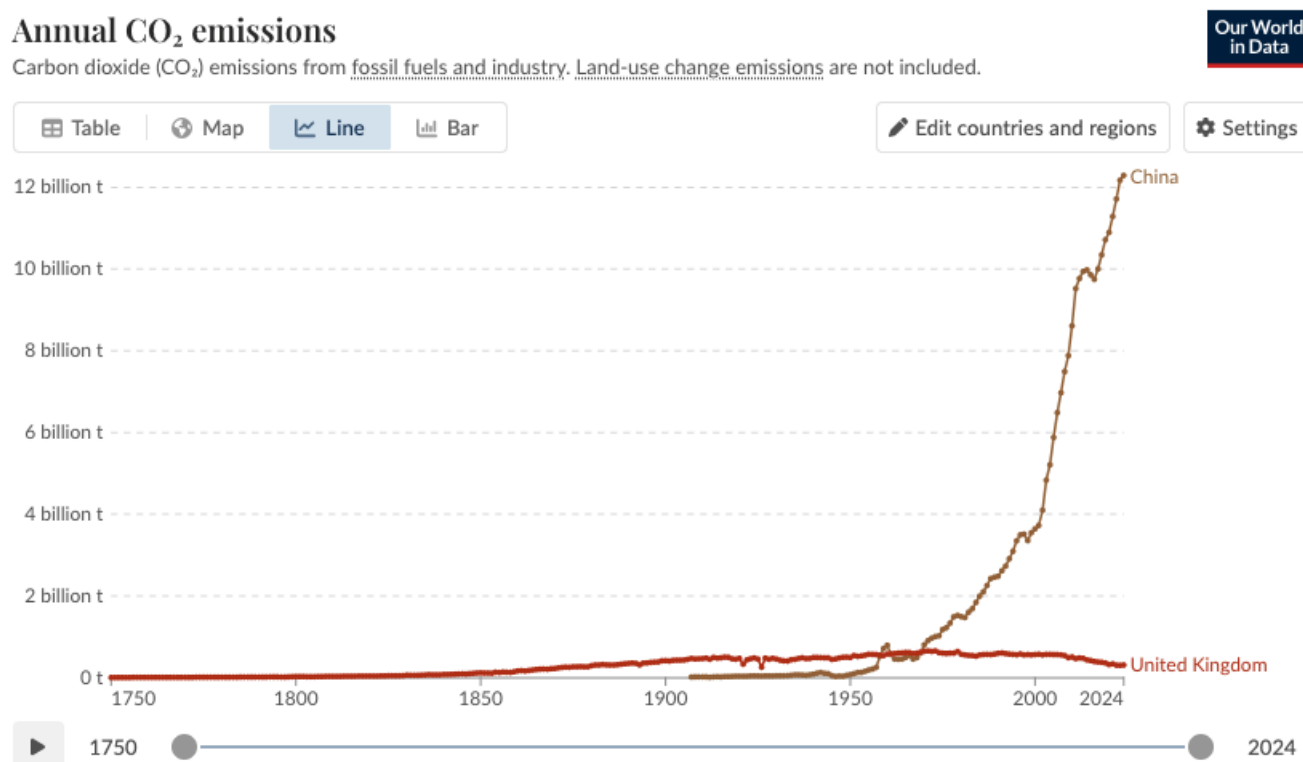
Unless another Labour MP gathers at least 81 nominations by the 15th July, King Andy will be crowned on July 17th.

Quite a few Labour MPs could probably get the number, but the most able have already declined the opportunity since it might upset their chances of a plum role in the cabinet. One of those roles is Chancellor of the Exchequer, where Burnham is sure to fire the incumbent, Rachel Reeves. What is more interesting are the candidates for that role, one of whom, Ed Miliband, is behind the UK's climate policy.



It seems extraordinary to me that Miliband is odds on favourite for the role. His flagship policy when he was Labour leader himself was a 20 month freeze on energy prices, with no plan for new supply.

When he finally took over energy as a government minister, 10 years later, he banned drilling for new North Sea oil, outlawed the fracking that has made America the world's largest oil exporter and pushed the UK back to the energy dark ages. What is more, Ed will point to this next chart and claim overwhelming success in cutting the UK's carbon emissions. It is true, but its difference on the global stage doesn't even hit the roundings.



In what world can this man become Chancellor?

Worth revisiting the last time Ed was truly front and centre when he was Labour leader. He hit the hustings to show everyone just how much of a man of the people he was. Sitting down to consume a bacon sandwich



I simply couldn't put it any better than the journalist did at the time.

For a party leader anxious to avoid any more gaffes, what could go wrong buying flowers for the wife? Plenty, it turned out.... First came the delicate issue of his bacon roll, a vital accessory when meeting the working classes at breakfast time. Mr Miliband's battle to consume the greasy treat alarmed his media minders, who tried to stop photographers taking close-ups of butter oozing between his teeth. After a few bites, the Labour leader appeared defeated, and the snack was put into the custody of [Lord Wood](#), a senior shadow cabinet member.^[3]

I confess that not many people scare me like Ed Miliband. He believes. He believes less energy equals a better life. He believes in what he calls 'pre-distribution'. He believes in state ownership and nationalisation. I absolutely have respect for the fact that he truly believes it too.

Accordingly, he will eat salmon and you will eat bacon. If you can stomach it.

Euro-Trash

Oh dear. We have been forced to shut down the air conditioning for poor people.



Staff working at the Berlaymont building received a text at midday, reading: “BERL — URGENT — Due to extreme weather conditions, forced shut down of air cooling system from floor 1 to 7 for the rest of the day.”

The 13-story building is home to Commission President Ursula von der Leyen, her 26 commissioners and about 3,000 staff. Von der Leyen works on the 13th floor, and most of her commissioners’ offices are housed on floors eight or above.

Even better, this Euro building was specifically (and expensively) redesigned to be energy efficient. It cost €670 million to complete in the 1990s. Including the cost of rehousing everyone for years, the total bill exceeded €1bn. The result was 2,763 movable glass slats that rotate with the sun’s position “minimising the need for air conditioning”. Say what?

This is exactly the European Union. The President sits on the 13th floor in air conditioning, flies to Davos by private jet and is collected in a 6.3 litre Audi A8. Then gives a speech about the excessive carbon footprint of ordinary Europeans.

Ursula von Der Leyen aboard a 3.8 ton Audi A8 with a 6.3 liter 12-cylinder petrol engine (500 horsepower), called on everyone to do more to protect the climate and switch to electric cars..



I'm all for it by the way. The jet, the car, the AC, as long as everyone is permitted to do the same.