

How is it possible for an investor to not know it is short bitcoin?

Risk On: MSTR in the NDX

When the US equity markets opened on December 23, 2024, MSTR, along with Palantir Technologies and Axon Enterprise, were added to the Nasdaq 100 index (NDX). The index is a proxy for the technology sector and has typically outperformed the rest of the market, with 30% of the index concentrated in the top four names (Apple, Microsoft, Nvidia, and Amazon), which have been exceptionally returning stocks over the past five years.

MSTR went into the index at its current market capitalization, which made it 0.06% of the index. Not a significant amount by any means, but it's also what makes it a very effective Trojan horse. While not explicitly bitcoin, MSTR holds a bitcoin treasury (632,000+ as of September 2025) that represents about 50% of its market cap. Despite the 50% discount, MSTR trades at a beta of about 300% to bitcoin, which means it returns about 3x. So if bitcoin goes up 2x in a year, MSTR will be expected to go up 6x. Additionally, in a drawdown scenario, MSTR's drawdown should be expected to be even more severe and more swift than bitcoin's. While bitcoin's drawdowns are mostly structural as described earlier in this section, MSTR's price will be much more based on speculation, and any sign of a bitcoin bear market will likely realize even more volatile losses.