

BTC Carry Vault

BTC denominated dollar carry on Ethereum · August 2026

What it is

A wBTC denominated yield product targeting **2-5% per year in wBTC terms** by earning a dollar carry against Bitcoin collateral. Full Bitcoin price exposure is retained; the carry is additive to BTC's own price movement. Built for holders who want to stay long Bitcoin.

Target structure

Parameter	Value
Deposit asset	wBTC
Network	Ethereum mainnet
Target net return	Up to 2-5% p.a. in wBTC terms, additive to BTC price
Yield engine	bdUSD dollar carry, roughly 0.50 leverage
Execution	Morpho Blue lending, bdUSD, Uniswap V3 harvest
Rebalancing	Automated LTV bands
Vault wrapper	IPOR Fusion

How it works

- 1. Users deposit wBTC into the BTC Carry Vault.
- 2. The vault posts wBTC as collateral into a Morpho Blue lending market, holding back a small idle buffer.
- 3. Vault borrows USDC against that collateral, targeting a 65% loan to value ratio.
- 4. Borrowed USDC is supplied to bdUSD, a yield bearing dollar vault, earning a dollar yield.
- 5. The carry (bdUSD yield minus the USDC borrow cost) accrues in dollars and is periodically harvested: swapped into wBTC and added back to the vault.
- 6. Final position: full wBTC exposure retained, USDC borrowed at 65% LTV, with the carry compounding wBTC per share.

Why BTC denominated

The vault uses wBTC as collateral to borrow USDC cheaply and deposits it into the higher yielding bdUSD vault. Yield is the differential between bdUSD earnings and the USDC borrow cost. The wBTC is never sold, so full Bitcoin price exposure is retained; the harvested carry compounds returns in Bitcoin terms. Withdrawal unwinds bdUSD, repays the USDC debt, releases collateral, and returns wBTC.

Key risks

- BTC price exposure, by design:** Unlike the USD Vault, this vault retains full Bitcoin exposure. A fall in BTC lowers collateral value and raises LTV toward liquidation until the vault de-risks. This is intentional, but it is the dominant risk.
- Carry compression:** The USDC borrow rate and the bdUSD yield both fluctuate. If borrow costs rise above the bdUSD yield, the carry compresses or inverts and the vault deleverages.
- Asset and oracle:** The yield source is bdUSD, whose underlying assets carry their own contract and market risks. wBTC and USDC carry custodian and depeg risk; oracles can print stale during volatility.
- Smart contract:** Morpho Blue isolated market, IPOR Fusion, and BTCD contracts each carry contract risk. Audits at docs.btcd.fi/security-and-audits.

Next step

Whitepaper and other Documentation available at docs.btcd.fi.

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