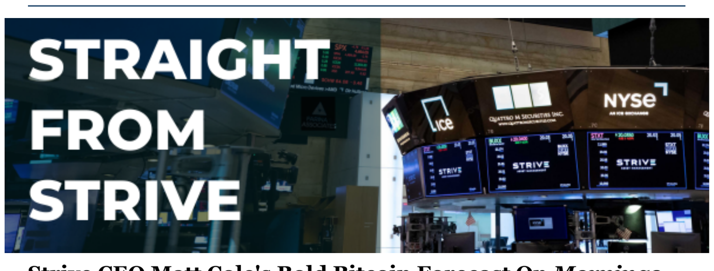
STRIVE

The Fiduciary Focus

Investment News From a Pro-Shareholder Perspective

February 25, 2025

This Week: CEO Matt Cole declares 2025 the "Year of the Bitcoin Treasury Company" on Fox Business; BlackRock gives corporate America a (short-lived) break; The Bitcoin Brief covers regulators' course reversal on crypto.



Strive CEO Matt Cole's Bold Bitcoin Forecast On *Mornings with Maria*

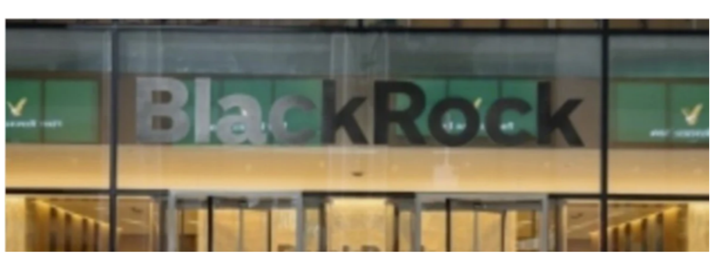
Last week, Strive CEO Matt Cole joined *Mornings with Maria,* where he made a bold prediction: 2025 will be the "Year of the Bitcoin Treasury Company."

In the interview, Matt shared his view that companies will soon embrace the Bitcoin standard to allocate capital more effectively. And Strive plans to work with firms to make it happen.

Watch now to see how this shift could fuel the next wave of Bitcoin growth.

Watch Here

BlackRock Pauses, Then Resumes, Engagements



Last week, there was a 72-hour period when corporate America could breathe freely, as BlackRock paused its corporate scolding campaigns to evaluate new SEC guidance meant to curtail these efforts. But now, BlackRock is back to its old ways, Reuters reports.

What's Going On:

- **SEC Tells ESG Asset Managers To Knock It Off:** As we reported last week, the SEC issued new guidance that revokes certain reporting exemptions for "passive investors" if these investors are actively pressuring portfolio companies to pursue ESG goals. In practice, this means that companies like BlackRock can no longer use their financial clout to push companies to fight climate change and adopt social goals.
- **BlackRock Hits Pause:** Immediately following the guidance, BlackRock—often dubbed the "King of ESG"—paused its corporate meetings.
- **BlackRock Pushes Play:** Just three days later, BlackRock claims it will "comply[] with the new requirements including by highlighting our role as a 'passive' investor at the start of each engagement."
- **Really?** In our view, it's unlikely that the SEC was envisioning the new guidance would allow BlackRock to continue to actively pressure corporate America to adopt social goals, so long as it denies it is doing so at the start of each engagement (by claiming to be a "passive" investor, with "passive" in quotation marks, no less).

A Bold Decision: BlackRock's legal department may be claiming that BlackRock is passive because it doesn't "explicitly or implicitly" threaten to oust board members for failing to comply with BlackRock's ESG goals. That claim seems dubious. In BlackRock's own stewardship and voting guidelines:

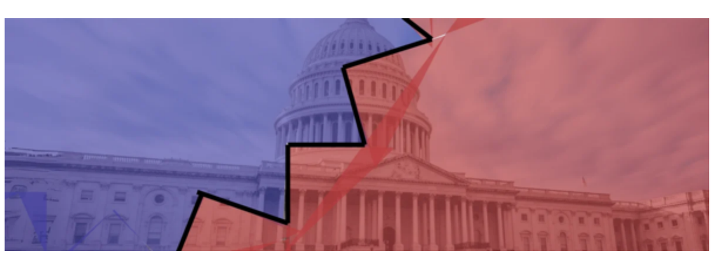
- BlackRock threatens to vote against directors if a company doesn't have enough racial or LGBTQ+ minorities on its board.
- It also threatens to vote against directors if the company doesn't set emissions reductions targets.
- Finally, BlackRock threatens to vote against directors as an escalation tactic if a company doesn't implement a shareholder proposal the firm supports, such as BlackRock's vote for Jack in the Box to slash its carbon footprint and for Tesla to do more to combat "civil rights violations."

Jury Still Out for Vanguard: Vanguard also paused engagements following the guidance. As of the time of writing, these engagements appear to remain on hold, though Vanguard's website still indicates that the firm pushes ESG on portfolio companies.

Why It Matters: Consumer and investor advocates—including Strive—have long argued that BlackRock and Vanguard are flouting the reporting requirements. Now, the SEC has made it even clearer. That's what makes BlackRock's apparent refusal to give up its ESG advocacy so brazen, though perhaps not surprising. When you've staked your firm's reputation on pushing ESG goals on corporate America, it seems it will take more than a flimsy piece of paper from the SEC to make you stop; perhaps, in the future, a court order will.

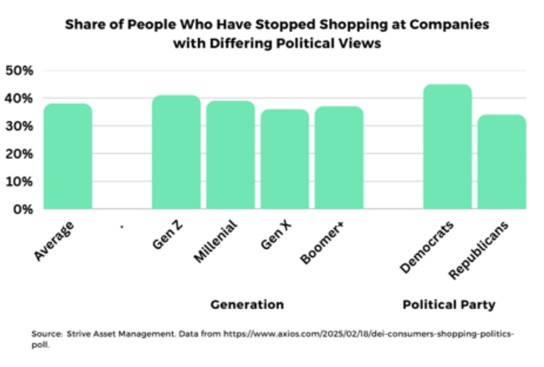
Go Deep: For further reading, check out Strive's 2022 white paper on why BlackRock, Vanguard, and State Street are activists that don't qualify for the SEC's reporting exemptions.

Poll Finds Business and Politics Shouldn't Mix



A new poll shows many Americans across generations and political persuasions are choosing not to shop with companies with different political views, Axios reports.

The Results: The poll showed that 38% of Americans claim they've stopped shopping at companies whose politics are different from their own, a result that held roughly steady across demographic lines.



Political Fatigue: The poll's author suggested that the results are less about customers voting with their wallets, and more that Americans are simply tired of in-your-face politics: "It seemed like consumers are just fatigued by all this shifting politics in their brands," he told Axios. As a result, customers are simply "opting out."

The Takeaway: Regardless of the reason, the takeaway is clear: Corporations that take political stances—liberal or conservative—risk alienating half of their customer base. In this case, the best business move is also the most straightforward: focus on business.

Money Managers Have Fiduciary Duty to Understand Bitcoin, Ark's Cathie Wood Says

Bitcoin is "a promising new asset class that money managers have some fiduciary responsibility to understand," Ark's Cathie Wood told attendees of Cboe's Global Markets 2025 webinar on Friday, Barron's reports.

Speaking Truth: Money managers have fiduciary obligations to provide sound financial advice to their clients. That means that as Bitcoin grows, and investor interest along with it, financial advisors will have a duty to learn about the asset class and provide intelligent, tailored advice to meet their clients' needs.

A Ways To Go: Most wealth managers, however, aren't providing that kind of advice yet. But it's not for lack of demand. Per one study, 90% of financial advisors get questions from their clients about cryptocurrency, but most advisors (59%) do not provide the requested advice.

No Day Like Today: Fortunately for investors, more and more financial advisors are getting up to speed on crypto. And there's no better time to do it. "Institutional adoption of Bitcoin is in its early stages," Wood told the crowd, indicating that, in her view, Bitcoin has significant room to run.

Regulators shifting from crypto foe to friend

Last week, the Securities and Exchange Commission agreed to drop a two-year-old lawsuit against Coinbase seeking to regulate it as a stock exchange. Shortly afterward, it ended its investigation into Robinhood's crypto business with no enforcement action. These moves mark the beginning of a sea change in regulators' treatment of the digital assets industry.

Under former chairman Gary Gensler, the agency had been focused on cracking down on crypto, viewing its main job as preventing fraud rather than enabling adoption. Other agencies soon followed suit, using not only formal judicial proceedings to stall crypto's adoption, but more covert means.

Dubbed "Operation Chokepoint 2.0," the story entered public consciousness after the election, when venture capitalist Marc Andreessen claimed on Joe Rogan's podcast that over 30 crypto founders had been secretly denied banking services thanks to government pressure.

Many came forward to confirm his claims, saying they had been silent about the debanking out of fear of retribution. In January, in response to a lawsuit from a Coinbase consultant, the FDIC (Federal Deposit Insurance Corporation) released 25 "pause letters" where it had instructed banks to end crypto banking services due to vague concerns about safety.

Likewise, Senator Cynthia Lummis revealed classified Federal Reserve guidance instructing its staff to handle controversial activities like cryptocurrency with extreme caution, calling it "hard proof of Operation Chokepoint 2.0." When she questioned Fed Chair Jerome Powell, he said he had removed the guidance, adding, "I am struck, and my colleagues and I are struck, by the growing number of cases of what appears to be debanking."

The Fed's hidden stance against crypto was exemplified by the revelation that it had killed Meta's global digital payments platform at the finish line. The project, called Libra, had been backed by major companies like Visa, Mastercard, and PayPal and had cleared years of regulatory hurdles. But former Treasury Secretary Janet Yellen warned Powell allowing it would be "political suicide." The Fed's general counsel then read participating banks a statement saying, "We can't stop you from moving forward and launching, but we are not comfortable with you doing so." After hearing the Fed wasn't comfortable, the banks weren't either.

What makes providing banking services to crypto companies and executives so risky the Fed is allowed to step in? Nothing. The banks were never going to fail if they allowed Coinbase to get a bank account—even if Coinbase as a company was ultimately shut down. But it is much easier for the Fed to use that concern as pretext if the SEC is constantly pursuing enforcement actions against the industry and claiming the whole sector is rife with fraud.

Now, that pretext is gone. And so are many of the heavy-handed regulators that held the whip. With the new administration doing a 180 degree shift across federal agencies, shedding light on crypto debanking and dropping cases and charges, these regulatory headwinds have suddenly become tailwinds.

The Best of The Rest

Additional stories about ESG investing, company happenings, and more.

- Companies use ESG as means to self-dealing, research finds; under CEO Jamie Dimon, JPMorgan donated millions to the museum where his wife sits on advisory board; Enron sent money to hospital where two directors had leadership roles.
- Open AI boasts 400 million users each week; up from 300 million at the end of last year.
- ISS plays linguistic shell game to keep pushing ESG; environmental shareholder proposals are now called "Natural Capital-Related."
- HSBC pushes net zero goal out by 20 years after acknowledging it was unrealistic; move comes several months after the bank removed the chief sustainability officer role from the executive committee.
- 17 Democratic state treasurers ask SEC and DOL to keep pro-ESG rules in place; letter comes weeks after Republican officials wrote to the federal agencies expressing concern that the current rules hurt investors by encouraging money managers to pursue social goals in breach of their fiduciary duties.
- Banks cut DEI mentions in public filings; some banks now use different subject headings or acronyms, but still include DEI breakdown of employees by race and gender.

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Who Are We?

Strive is one of the fastest growing asset management firms. Our mission is to maximize value for our clients by leading companies to focus on excellence. **Click here** to learn more.

What Makes Strive Different?

While many asset managers push companies to focus on other stakeholders such as employees, suppliers, the environment and society at large, we live by a strict commitment to shareholder primacy — the belief that **the purpose of a for-profit corporation is to maximize long-run value for investors. Click here** to learn why shareholder primacy is so important.

How Does Strive Maximize Value?

Our corporate governance team engages with the companies in which our clients are invested to advocate for the pursuit of excellence in corporate America. We are aggressively apolitical when it comes to utilizing our corporate governance tools and demand that companies focus exclusively on delivering long-term financial value for investors. The corporate governance team also determines how to cast our shareholder votes at annual meetings and special elections, evaluating each proposal through the lens of maximizing financial return.

Our research team conducts deep analysis of macro economic trends, market developments, and industry- and company-specific metrics to identify potential risks and opportunities for our clients. We then incorporate the results of this research into our engagement and voting strategy, and share it with our clients in the form of white papers and market research reports so they can make the most educated investment decisions possible.

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