STRIVE

The Fiduciary Focus

Investment News From a Pro-Shareholder Perspective

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This Week: Tobacco giant Reynolds rolls back DEI; BlackRock liquidates sustainable funds; The Bitcoin Brief looks at Bitcoin-backed mortgages.

Tobacco Giant Reynolds Rolls Back DEI

Tobacco firm Reynolds, maker of Camel cigarettes and Vuse vapes, has rolled back many of its DEI initiatives, Bloomberg reports.

The Changes:

Changes at Reynolds

	Old	New
Hiring Quotas	50% woman in management 25% racial minorities in management	Hiring preferences applied to veterans and disabled applicants
Controversial LGBTQ+ Groups	Trusted awards from the Human Rights Campaign, which promotes controversial LGBTQ+ views	No longer participates
Pride Parade Sponsorship	Sponsored LGBTQ+ pride parades and events	No longer sponsors
Trainings	Forced employees to attend mandatory DEI trainings	No longer holds mandatory DEI trainings

Source: Bloomberg, "Reynolds Tobacco Rolls Back Diversity Commitments and Scrutinizes Partnerships," July 1, 2025. Note: Initiatives listed are those mentioned in the Bloomberg article. Reynolds Tobacco's parent company, Reynolds American, also owns Lorillard, which produces Newport cigarettes. Reynolds American is a subsidiary of British American Tobacco, which also owns Kool, Pall Mall, and Lucky Strike cigarettes. Reynolds American also owns Vuse, the largest e-cigarette brand in the U.S., and Grizzly, the second-largest smokeless tobacco brand in the U.S.

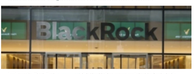
Counting Controversy: The rollback comes following pressure from conservative activist Robby Starbuck, though the company claims the changes have been in the works for some time.

Longstanding Criticism: Even prior to Starbuck's latest campaign, the company faced backlash over its DEI policies, with the top comment on the company's Pride post last June saying, "Tell me you're owned by Blackrock and bow down to DEI and ESG standards without telling me 🤮." Unsurprisingly, BlackRock is, in fact, among Reynolds's largest shareholders.

An Odd Couple: Tobacco companies and the ESG movement have always been odd bedfellows given the nature of the products they sell. Some critics have accused tobacco companies of using pride sponsorships as a PR tactic, while others have pointed to the fact that cigarette companies often outrank EV makers to show that gamesmanship runs rampant in ESG ratings. A return to business fundamentals seems like a much more straightforward course.

Joining the Resistance: Reynolds joins several other companies that have dropped or revised their DEI policies since last summer, including McDonald's, Walmart, John Deere, Boeing, Target, Ford, Toyota, Tractor Supply, and Molson Coors.

BlackRock Liquidates Sustainable Funds



Last month, BlackRock announced it is liquidating seven sustainable funds in its latest wave of fund closures.

The Closures:

- BlackRock Impact Mortgage Fund
- BlackRock Impact Bond Fund
- BlackRock Sustainable Aware Advantage Global Equity Fund
- BlackRock Sustainable Emerging Markets Equity Fund
- BlackRock Sustainable Total Return Fund
- iShares ESG Advanced Investment Grade Corporate Bond ETF
- iShares MSCI Water Management Multisector ETF

The Market Speaks: While BlackRock claims the liquidations are merely part of its efforts to "evolve our platform," it's clear that these funds simply failed to attract the number of investors their conventional, financially-focused counterparts did.

- BlackRock's Sustainable Total Return Fund, for example, manages just $44 million in assets, compared to the $1.96 billion managed in BlackRock's standard total returns fund.
- The lack of interest in BlackRock's sustainable fund should come as no surprise. The top five holdings in BlackRock's sustainable fund are identical to the top five holdings in BlackRock's conventional fund, but the gross expense ratio is three times as high.

A Growing Trend: The fund closures come as sustainable funds have seen record outflows in 2025, as both Americans and Europeans have grown increasingly wary of ESG investing strategies.

BlackRock Remains Committed to Sustainability: Despite the fund closures, BlackRock has made clear that it remains committed to pursuing climate and sustainability goals. Its press release underscores this commitment, explaining that "BlackRock's sustainable and transition investing platform is entrusted to manage more than $1 trillion in client assets, increasing approximately 8x8% over the last five years, and includes more than 500 products globally."

Sustainable Aviation Fraud

Last week, investigative reports revealed that the sustainable aviation fuel (SAF) market is rife with fraud, likely leading to worse environmental outcomes than simply using conventional jet fuel, Bloomberg reports.

The Source: SAF can come from one of two sources:

- biofuels, which are not considered truly sustainable since they increase demand for agricultural land, which leads to deforestation, and
- used cooking oil, in the form of fryer oil that would otherwise be discarded, is collected by green fuel makers and turned it into jet fuel.

The Fraud: Cooking oil is only considered "used" if it's been used at least 3-5 times. But, as it turns out, that's hard to verify. And there are strong incentives to cheat. In Malaysia, which is a top exporter, restaurateurs and street vendors can purchase cooking oil for $2.50$$2.50 per kg. But they can sell used cooking oil for up to $4.50 $4.50 per kg. As a result, people buy new oil, mix in a bit of used oil, and pass it off as used. Recently, the Malaysian government discovered that criminal syndicates were getting into the game too, pocketing thousands of dollars in the process.

No Good Options: The report follows a separate analysis published in the Yale School of Environment in May, explaining that the other source of self-described sustainable fuels—biofuels—are also a net negative for the environment. Per the report:

> [P]roducing about 10 percent of U.S. jet fuel from SAF by 2030... would require about half the U.S. soybean crop, occupying enough farmland to cover the state of Nebraska. Princeton senior research scholar Tim Searchinger has calculated that using vegetable oils like soybean for one fourth of global aviation fuel would require an percent of global cropland, an area twice the size of India. Flying a plane with corn ethanol would be particularly inefficient; it takes 7.7 gallons of ethanol to make a gallon of jet fuel, and producing ethanol uses almost as much fossil fuel as ethanol replaces.

Yet the myth that farm-grown biofuel persists, mainly, the author argues, because the agricultural lobbyists use the sheen of "green" energy to garner support for corn subsidies.

The Bottom Line: Sustainable aviation fuel is several times more expensive than its conventional counterpart, yet nearly all of the major airlines—from Southwest to American Airlines to Delta and JetBlue—have pledged that 10% of their fuel will be SAF by 2030. It was always a costly promise; now, it looks like an environmentally hollow one too.

Bitcoin Could Unlock Homeownership For a New Generation

For years, Millennials and Gen Z have faced a disheartening double bind: sky-high home prices and a financial system that devalues their savings. This week, the Trump Administration delivered a potential breakthrough. Fannie Mae and Freddie Mac—two mortgage giants that shape the entire U.S. housing market—will now count Bitcoin as collateral when evaluating mortgage applications.

Under the new directive, Fannie and Freddie will treat Bitcoin as an eligible asset alongside cash, stocks, and bonds when calculating a borrower's net worth and ability to repay. Crucially, applicants don't have to sell their Bitcoin; instead they can pledge it as collateral, similar to how brokerage assets are treated today. While the specifics of custody, pricing, and volatility management are still being finalized, the shift is historic: for the first time, Bitcoin will be formally recognized in the federally backed mortgage system.

That's good news for prospective homebuyers. Per one survey, 42% of home buyers said they planned to sell digital assets to help buy a home, up from 5% in 2019. Now, they may be able to unlock that value without triggering capital gains tax or being forced to convert Bitcoin to a depreciating asset (like cash) or an illiquid one (like real estate).

At a broader level, the move could shrink the wealth gap created by unequal access to legacy assets. Traditional mortgages tend to favor applicants with brokerage accounts or employer-sponsored 401(k)s. But those who opted out of the dollar system early—and accumulated wealth in Bitcoin—have often been penalized under existing lending rules. This change helps correct that imbalance, giving digitally native savers a fair shot at homeownership.

It may also make the mortgage market more resilient. Unlike fiat savings, Bitcoin is immune to monetary debasement. And when pledged as collateral, it gives lenders access to a pristine, finite, non-sovereign asset—strengthening the system by backing loans with an asset that can't be inflated away.

The move also strengthens Bitcoin's institutional legitimacy. For years, Bitcoin holders have faced delegitimizing and discrimination from legacy banks. But as one economist explained: "If Fannie and Freddie are going to accept cryptocurrency, that's a strong incentive for banks to shift their practices." When the backbone of America's housing system accepts Bitcoin as collateral, it becomes much harder for retail banks to pretend it's not real money.

While Bitcoin-mortgage innovation was already underway, no private firm can match Fannie and Freddie's reach. Companies like Nfx already issue Bitcoin-backed loans that let borrowers finance a home without selling their coins. And the Pendle's Reserve is building a "self-repaying mortgage" that allows buyers to use Bitcoin's appreciation to make their monthly mortgage payments. These are exciting developments, but until now they've been limited to boutique lenders or early-stage startups. Fannie and Freddie, by contrast, back around half of the $14 trillion U.S. home market—bringing the possibility of Bitcoin-backed homeownership to millions almost overnight.

At a time when the real estate market is gridlocked, mortgage credit remains tight and interest rates are historically high, Bitcoin may provide an unlikely key to unlock the American Dream. By bridging the gap between digital savings and physical property, the government just gave Bitcoin one of its most powerful use cases yet.

Strive SVP Chris Nicholson Talks Bitcoin on The Investor's Podcast

Strive's Chris Nicholson and Bitcoin strategist Joe Burnett joined Preston Pysh on The Investor's Podcast to break down why Bitcoin is becoming investors' new hurdle rate and what valuation looks like in a Bitcoin world. They unpack why Bitcoin's long-term performance challenges the traditional idea of holding idle cash—or even Treasurys—and what it means for companies and investors. It's a must-watch for anyone making capital allocation decisions in the digital age.

Watch Here

The Best of The Rest

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

- Eighty percent of large US companies adjusted ESG strategies in 2025, with nearly three-quarters believing policy shifts would "slow down" decarbonization efforts.
- Beware of "belonging" warns a new article discussing the latest buzzword to replace DEI.
- Texas Instruments announces $60B US semiconductor investment as President Trump keeps pressure on companies to build products in the United States.
- EU countries abandon anti-greenwashing proposal after Italy pulls out: discussions paused as support for the proposal stalled.
- China's economy is still sputtering, yet Beijing seems to be waiting before stepping up stimulus efforts.

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