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STRIVE

The Fiduciary Focus

Investment News From a Pro-Shareholder Perspective

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This Week: Jordan Peterson calls Strive a "notable accomplishment," 100+ companies sign climate letter; ESG funds wind down; An Eye on Energy looks at energy security and natural gas.

Jordan Peterson Calls Strive a "Notable Accomplishment"

Last week, psychologist and commentator Jordan Peterson released a podcast calling Strive's establishment a "notable accomplishment." Per the episode:

> [Strive is] designed to give investors an alternative to the mongers of ESG stakeholder capitalism who are doing everything they can to sneak a particularly pernicious form of top-down, centrally-planned socialism into the free market system so they can pretend to be virtuous in a manner hypothetically unlike their greedy-by-implication peers.

Watch Here

100+ Companies Sign Climate Open Letter

Coca-Cola, Pepsi, H&M, Nestle, Ikea, AstraZeneca, and over a hundred other companies have signed an open letter calling on fellow businesses and governments to do more to fight climate change, per a letter released by the World Economic Forum.

The Pledge: In the letter, the companies promise to "move from pledges to impact and accelerate action at scale," and implore fellow businesses to do the same.

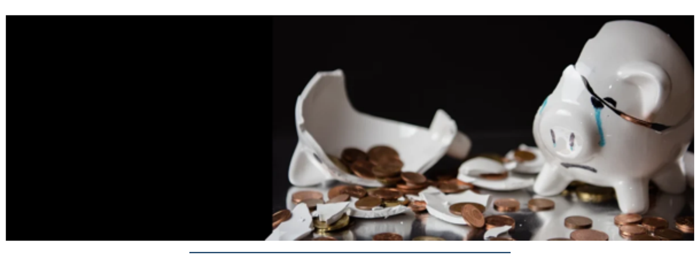
The Alliance: The letter was authored by the CEO Alliance of Climate Leaders, which was created by the World Economic Forum to convince businesses to reduce their carbon emissions. In its own words:

> The Alliance sets a high bar for members and holds them accountable – all in hopes of aligning with a 1.5 degree pathway. Joining the Alliance requires meeting criteria related to disclosures and target setting. The Alliance keeps members accountable by evaluating member performance on an annual basis.

Small Businesses Beware: Membership in the exclusive organization may be limited to large, multinational companies, but the group's impact is not. A key pillar of the group's strategy is to use their financial power to force their vendors and customers—including small businesses—to decarbonize or lose customers.

ESG Pledges As Litigation Risk: The new letter comes as others warn of the dangers of such pledges. Just last week, consumer-protection group head Will Hild wrote in the Washington Examiner, explaining that "ESG commitments are a litigation liability" as green politicians and groups sue companies for failing to live up to their climate commitments. This particular letter may also raise antitrust eyebrows, since competitors like Pepsi and Coca-Cola are coordinating with one another to jointly set operational strategies that may raise prices for consumers. If they truly want to offer something refreshing, perhaps they should focus more on the soda.

More ESG Funds Wind Down



Hundreds of ESG funds have wound down this year, following investor outflows and increased regulatory scrutiny, Bloomberg reports.

The Closures:

- Europe: 349 funds touting sustainable goals have been liquidated or merged so far this year, including 102 in the third quarter.
- United States: 12 ESG funds have been shuttered, including 5 from BlackRock.

The Outflows: In the third quarter, the U.S. saw net outflows of $2.3 billion in ESG funds. In Europe—where sustainable investing is much more popular—the pace of inflows slowed to $10.3 billion from $11.1 billion in the second quarter.

The Likely Culprits: The outflows and fund closures come as ESG funds have generally underperformed their traditional fund counterparts, causing investors to seek higher-return strategies elsewhere. Firms have also become skittish over ESG strategies amid increased regulatory scrutiny, including an EU fund names rule that seeks to root out exaggerated claims of environmental impact.

Companies Start Assessing Their DEI Risk

Time to call the consultants. Companies are finally beginning to recognize the downsides of their DEI programs, and a cottage industry of consultants, lawyers, and PR firms has popped up to help them navigate these risks, the *New York Times* reports.

Corporate Alarm Bells: This past summer, conservative activist Robby Starbuck stirred a maelstrom across corporate America as he used his social media platform to push companies to abandon DEI and ESG goals and return their focus to business alone. One by one, companies including Tractor Supply, Harley Davidson, and Ford all rolled back their most aggressive diversity commitments. Now, other companies fear they might be next.

The Response: Companies don't want to be caught flatfooted, so they're "conducting vulnerability assessments, compiling research reports and writing plans for what to do," the Times reports.

The Results: Sometimes, executives are "learning for the first time" what their DEI departments are up to, leading to some "problematic" discoveries. Other times, executives are revisiting old pledges and statements to determine whether they still align with company policy.

What's Next: Some companies conducting such DEI risk assessments are scrapping troubling initiatives; others are trying to move them underground. As a result, the jury is still out on whether these assessments will help companies and their shareholders. But while many businesses are struggling to focus on profit, there's one sector that's not: The ESG-advisory industry, which is now cashing in on solving a problem they caused.

Energy Security Needs Natural Gas

The U.S. faces an unprecedented challenge in meeting its future energy needs, mainly as AI and data centers drive electricity demand to new heights. While many look to renewable energy and nuclear power for solutions, natural gas remains an indispensable component of America's energy security strategy.

Recent trends paint a compelling picture. Natural gas already powers nearly half U.S. electricity generation, and demand could reach record levels by next year. The rise of data centers and AI infrastructure could increase gas consumption by 8 billion cubic feet daily by 2030, representing a 21% expansion of the current market.

The scale of future energy requirements is staggering. U.S. utilities must increase their electricity generation by over 25% in the next three years to meet projected AI and data center demand. This rapid expansion is only possible with substantial reliance on natural gas.

It's not just AI that needs natural gas.

Several past developments have reinforced natural gas's strategic importance. Russia's 2022 invasion of Ukraine prompted Europe to seek U.S. LNG, demonstrating that renewable energy alone cannot meet global demand. The U.S. has emerged as the world's leading natural gas exporter.

But securing America's energy future is expensive. Developing natural gas production will cost trillions of new infrastructure and technology investments. Export capabilities will depend on strategic partnerships between utilities and technology companies, similar to those in nuclear energy development.

Natural gas and LNG continue to prove crucial to global energy security by diversifying supply routes and providing flexible delivery options to importers. This flexibility supports the integration of renewable energy sources while meeting rapid-response power generation needs.

The challenge is that in the U.S. alone, funding the capital investments to serve energy use growth over the next decade will require utilities to generate a significantly higher revenue percentage year than previously thought.

The Best of the Rest

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

- Investors pour money into emerging market funds that exclude China; "Demand for 'ex-China' strategies soars as tensions with west linger, despite recent stock rebound," the Financial Times explains.
- BlackRock faces legal complaint over "sustainable" investment claims; environmental group filed complaint with France's financial regulator.
- Deloitte releases 2025 aerospace and defense sector outlook report; "[g]rowth across the industry is likely to continue with technology underlying each step."
- TSMC cuts chips shipment to firm that was discovered to be illegally funneling chips to Huawei in violation of U.S. export controls banning sales of advanced chips to China.
- ESG researchers testify at state hearing that Texas law is delivering results; Eric Bledsoe, a senior fellow at the Government Accountability Project, testified about "a 2019 study which found that out of 20,000 mutual funds representing over $8 trillion, regular funds outperformed ESG funds every time."
- SEC fines WisdomTree $4 million for fossil fuels and tobacco in ESG funds; agency alleged that firm misled investors when it said its ESG funds excluded these companies.
- "State Street still looks like an ESG warrior," Boston Globe reports following new analysis showing firm voted for over 20% of environmental and social proposals in 2024.

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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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