STRIVE

The Fiduciary Focus

Investment News From a Pro-Shareholder Perspective

December 10, 2024

This Week: Bitcoin hits $100,000; Target must face suit over LGBTQ+ collection; Goldman Sachs exits climate alliance.

On Friday, Strive CEO and CIO Matt Cole joined Maria Bartiromo to share why he believes Trump being the first pro-crypto President will drive success to our nation, including strengthening the U.S. dollar. "I think the tailwinds for the crypto industry are substantial and haven't been fully priced in, even though the crypto industry has done so well."

View his full appearance on Mornings with Maria below.

View Here

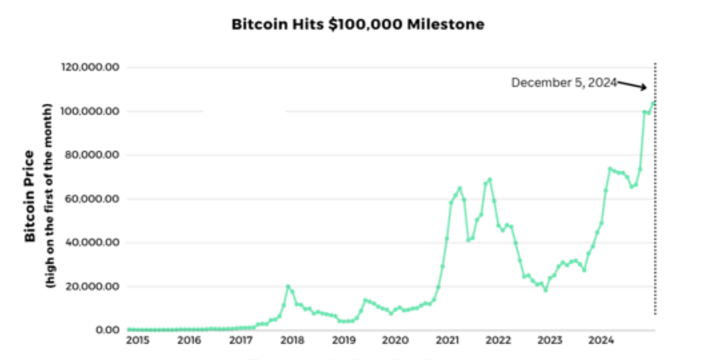
Bitcoin Hits $100,000

Last Wednesday, Bitcoin traded above $100,000 for the first time, the Wall Street Journal reports.

Cryptocurrency in Ascendance: $100,000 marks the latest milestone the world's biggest cryptocurrency has notched in 2024's monster run. As the Journal reports:

> The world's largest digital currency has staged an extraordinary rally since Election Day, surging more than 40% in just four weeks and setting one record after another. It surged as high as $103,853 after Trump picked Paul Atkins, a crypto-friendly former regulator, to lead the Securities and Exchange Commission. During the campaign, Trump dropped his earlier skepticism of bitcoin and promised to "end Joe Biden's war on crypto."

A Historic Moment: Bitcoin's spike comes almost seventeen years after the cryptocurrency's 2008 creation by the pseudonymous Satoshi Nakamoto.



Source: Strive Asset Management. Data from https://finance.yahoo.com/quote/BTC-USD/history/?frequency=1mo&period1=1410912000&period2=1733409615,

A Democratizing Force: Today, bitcoin ownership is primarily an investment vehicle for the ultra-rich, with just 7% of American households estimated to hold cryptocurrency of any kind. But with a crypto-enthusiast soon to enter the White House and a decade's worth of performance backing Bitcoin, it may soon be recognized as a core component of a diversified portfolio.

Target Must Face Shareholder Suit Over Pride Collection

On Wednesday, a federal court refused to dismiss a lawsuit claiming that Target misled shareholders about the risks of its disastrous LGBTQ+ Pride Month campaign, Reuters reports.

The Allegations: Per the complaint, Target failed to warn shareholders that its "divisive and extreme ESG and DEI mandates" would likely incur backlash. When that backlash ensued, shareholders lost billions.

The Reasoning:

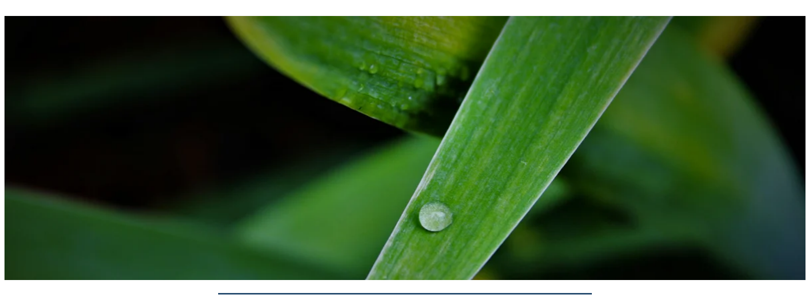
- In upholding the complaint, the court relied heavily on a confidential witness who testified that "senior executives' decisions to undertake the 2023 LGBT-Pride Campaign and make it more prominent were deliberate," and that Target's corporate "mantra now" was to "stick [its] nose so far out. . . even at the risk of alienating certain customers."
- The court also noted that Target knew it was likely to face backlash over its LGBTQ+ activism given that it had previously faced backlash over its opposition to North Carolina's transgender bathroom law in 2016.

Blanket Disclosures Not Enough: Notably, the court rejected Target's attempt to rely on its blanket disclaimers, which stated that "Target's responses to crises and our position or perceived lack of position on environmental, social, and governance (ESG) matters, such as sustainability, responsible sourcing, and diversity, equity, and inclusion (DE&I), and any perceived lack of transparency about those matters, could harm our reputation" and lead to loss in sales.

One-Sided Oversight Not Enough: The court also rejected Target's plea that its board properly oversaw ESG risk via its Governance & Sustainability Committee. "Plaintiffs insist that ... the Board only monitored risk from one side of the political spectrum," the court explained. And that one-sided monitoring did not suffice.

A Significant Risk: Over the past year, companies have been sued by employees claiming DEI policies constitute discrimination and states that believe such practices violate civil rights laws. Now shareholders are suing too. The Target case is thus one more reminder of how DEI and ESG activism isn't merely costly, but sometimes illegal.

Goldman Sachs Exits Net-Zero Banking Alliance



Goldman Sachs is leaving the Net-Zero Banking Alliance, Bloomberg reported last week.

A Controversial Alliance: The Net-Zero Banking Alliance is a UN-backed organization made up of 140 banks that have "committed to aligning their lending, investment, and capital markets activities with net-zero greenhouse gas emissions by 2050." The banks collectively agree to stop lending to fossil fuel emitters over time and report on progress each year.

Under Investigation: The group and its members have been under investigation for their potentially illegal practices in discriminating against energy companies and high-emitting industries. Probes include an antitrust investigation launched by nineteen state attorneys general, a Texas investigation over alleged fossil fuel boycotts, and a federal investigation led by the House Oversight Committee.

A Cryptic Departure: On Friday, Goldman Sachs issued a press release noting its departure, but promising to continue its net-zero work: "We have made significant progress in recent years on the firm's net zero goals and we look forward to making further progress, including by expanding to additional sectors in the coming months," the company said. But links to the company's sustainability reports and net zero goals are now dead, and so it remains unclear what goals and progress Goldman Sachs has in mind.

Many Banks Remain: While Goldman Sach's high-profile departure is notable, many large U.S. banks remain members of the organization. The climate group continues to count Bank of America, Citibank, JP Morgan, Wells Fargo, and other U.S. giants among its members, meaning the fight to take politics out of banking has just begun.

The Best of the Rest

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

- New York City Comptroller is all-in on ESG in new interview touting participation in Climate Action 100+; pension fund head also claims that the asset managers who have exited the climate organization are "not pulling back from their commitment to addressing climate risk and engaging with companies on climate action."
- Google CEO discusses Silicon Valley's move away from political activism: "You're there because you believe in the mission and the best way we can impact the world is through the products and services we sell ... The company is not your personal platform."
- Judge rejects Boeing deal over DEI requirement; Justice Department had insisted on using DEI to select a corporate monitor, but judge held that "[i]n a case of this magnitude, it is in the utmost interest of justice that the public is confident this monitor selection is done based solely on competency."
- Coca-Cola walks back environmental pledges; company now aims to increase usage of recycled plastic to 35% by 2035 instead of 50% by 2030.
- "Climate Change Colonialism keeps poor countries impoverished," writes Stanford University fellow Bjorn Lomborg; "When people need jobs and food, it is immoral to give them solar panels instead."

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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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