

The Fiduciary Focus

Investment News From a Pro-Shareholder Perspective

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This Week: Companies end donations to pride parades; ESG hurts those it is supposed to help; The Bitcoin Brief serves up Steak 'n Shake's embrace of Bitcoin as money.

Companies End Donations to Pride Parades



Many U.S. companies are ending their sponsorships of Pride parades and related events amid their rethinking of DEI policies, [Axios](#) reports.

The Companies Pulling Back:

- Anheuser-Busch, Comcast, and Johnnie Walker manufacturer Diageo have [pulled](#) support from San Francisco Pride, after donating more than \$200,000 last year.
- Booz Allen Hamilton and Deloitte [pulled](#) out of Washington D.C.'s pride event.
- Pepsi, Mastercard, Citi, and PwC [pulled](#) out of NYC Pride, and
- Nissan [pulled](#) out of Pride-Toronto, which now says it is short \$300,000 of its original \$5.6 million event budget.

The Rationale: Most companies have been tight-lipped about their decisions to pull funds, either declining to comment or providing terse claims about budget constraints. But reason seems plain: many companies have witnessed the backlash that follows when corporations enmesh themselves in social and political causes, and are trying to stay out of the crosshairs. As one PR executive told Axios:

This is not about being popular or being performative, it's about being focused on what is core to the business and its key stakeholders.

The Numbers Don't Lie: For a new poll, 39% of companies are scaling back external Pride Month collaborations, compared to just 9% last year.

The Show Will Go On: For those wondering, these [events](#) are still moving forward. There will just be less corporate billboards filling the space. Some organizers are now seeking individual donations to fill the gap, while others are scaling back festivities by, for example, hosting four stages for music and events rather than five.

Hate the Game, Not the Players: Notably, while Americans are growing increasingly skeptical of corporate sponsorships of Pride events, they remain [supportive](#) of LGBTQ+ people, with a large majority of Democrats, Republicans, and Independents all saying they support protecting LGBTQ+ people from discrimination. Accordingly, companies should take comfort in the fact that most consumers understand that when companies reallocate their capital to core operations, they're making a business decision, not a personal attack.

ESG Hurts The People It Claims to Help



Two recent stories—one about carbon offsets in Africa and one about DEI hiring in the United States—may seem unrelated at first blush, but both show how ESG often hurts the very people it is intended to help.

Meta and Netflix's carbon credits hurt Maasai herders: Last week, the [Wall Street Journal](#) reported that a project Meta and Netflix funded for carbon offsets is embroiled in controversy after a Kenyan court sided with herders, finding that the conservationists running the program had no right to restrict the herders from using the land.

- The program forced herders to rotate livestock grazing patterns so grasses could grow taller and thus lock more carbon into the soil.
- Netflix, Meta, and others rushed to fund the \$45 million project in exchange for carbon offsets they could use to tout their own progress towards net zero.
- Maasai pastoral herders were then banned from using the traditional system, which one leader described as "displacement," resulting in some herders being forced to buy calves store-bought milk during a drought and others see their cattle die.
- Now, a Kenyan court has sided with the pastoralists, finding they never gave their informed consent to the project.

Wells Fargo's DEI program hurt minorities: Meanwhile, 7,500 miles away, Wells Fargo faces a new [lawsuit](#) in Delaware over its alleged use of "sham" interviews of minority candidates to fulfill its DEI promises.

- In 2020, Wells Fargo went all in on DEI, issuing statements about its "Commitment to Change" and implemented a hiring policy that required Wells Fargo to interview at least 50% minority candidates for nearly every U.S. position with a salary of over \$100,000.
- To meet this mandate, hiring managers would allegedly conduct "sham" interviews of minorities when roles were already filled.
- For example, HR allegedly asked one minority employee to apply for a new job just four days after being hired by the bank, simply so that the bank could show that they had interviewed minorities for the other position. It's "simply book keeping for us," the HR employee explained in an email.
- After a [New York Times](#) exposé, Wells Fargo has faced multiple legal actions, including class action lawsuits and even a criminal investigation. In the latest suit, shareholders are joining the fray, alleging that the practices harmed them as well.

How we see it: These aren't two isolated incidents, they're simply the most recent, high-profile examples of what happens when business leaders are required to serve all stakeholders, rather than shareholders alone. Minorities are tokenized to give lip service to DEI; pastoral herders are displaced in the name of saving the environment; shareholders are forced to finance these misdeeds in the name of virtue. Everyone is worse off.

Congress Asks SEC to Delist Chinese Companies



A group of lawmakers, led by Representative Rick Scott of Florida, have asked the Securities and Exchange Commission to delist Chinese stocks from U.S. exchanges, [Reuters](#) reports.

What They Want: The lawmakers "urge the Commission to begin delisting" Chinese companies because they are "inseparable from China's military-industrial complex and fundamentally incompatible with U.S. disclosure laws." The letter notes that 286 Chinese companies are currently listed on U.S. exchanges, including:

- [Alibaba](#), the Chinese tech conglomerate that the letter claims is leading China's AI efforts, and partnering closely with the CCP and the Chinese military.
- [Tencent](#), the Chinese gaming company, which the letter says is "owned by a Pentagon-designated Chinese military company."
- [Weibo](#), the Chinese microblogging app, which lawmakers say is used for CCP propaganda and censorship, particularly after the CCP was granted a 1% "golden share" in 2020 allowing it to embed party oversight into the platform.

Why They're Worried: The lawmakers [say](#) these companies "pose an unacceptable risk to American investors." Specifically:

[M]any face U.S. government restrictions, maintain hidden Party control mechanisms, secretly support Chinese military applications, or are linked to slave labor. Several also use variable interest entity (VIE) structures, which obscure true control and leave U.S. investors with no direct ownership over the Chinese operating company.

The firms listed above are merely examples. They illustrate deeper, structural problems posed by the CCP's control over Chinese companies that make the listing of their securities on U.S. exchanges untenable.

How the SEC Could Do It: The lawmakers say the SEC has the power to suspend trading and ultimately compel delisting under the Holding Foreign Companies Accountable Act.

China Risk Is Investment Risk: Strive has long held the view that [China risk](#) is investment risk; now, those risks appear to be materializing.



Steak 'n Shake Begins Accepting Bitcoin via Lightning Network

If Bitcoin's perfect money, why don't people use it as money? Skeptics have asked that question for years. Last week, Bitcoin took a first step toward answering it.

Steak 'n Shake, a burger and milkshake chain with nearly 400 locations across the U.S., has begun [accepting](#) Bitcoin as payment. Over 100 million customers per year can now pay with BTC simply by scanning a QR code at the register. The transactions are powered by the Lightning Network, which lets customers make instant BTC payments while allowing merchants to settle them in dollars to avoid volatility.

Even more significant than the move itself is the means. Built on top of Bitcoin's blockchain, Lightning is what's known as a second-layer protocol. The base layer of Bitcoin's blockchain is deliberately slow and secure: it batches transactions into blocks, each confirmed every 10 minutes, with fees that rise when the network gets congested. That design makes it resilient but poorly-suited for small purchases like a burger and fries.

Lightning transforms that by offloading transactions to a faster, lightweight network built on top of the main blockchain. It creates peer-to-peer payment channels between users, where multiple small payments can be made instantly and only the final result gets recorded on the Bitcoin blockchain. Rather than waiting for block confirmations or paying several dollars in fees, Lightning transactions settle in milliseconds and cost fractions of a cent.

Put simply, as a payment rail, Lightning upgrades Bitcoin from the Pony Express to a Ferrari.

While initially introduced as a peer-to-peer electronic cash system, many people now view Bitcoin as a store of value, digital gold used for long-term savings, not everyday spending. But Lightning's progress is making it possible to imagine Bitcoin being used for day-to-day transactions. Many Bitcoin owners seem to be spending their suits on burgers and reloading their wallets later by buying Bitcoin with dollars.

As more merchants see the Lightning Network as a viable way to lower credit card fees, reduce chargebacks, and appeal to tech-savvy consumers, Bitcoin could evolve from a passive investment into an active medium of exchange.

Bitcoin is starting to walk and talk more like money. Other stores will be watching Steak 'n Shake's move like hawks to follow its lead if customers like it.



Will a Trade War Lead to a Bitcoin Arms Race?

Geopolitical instability is rising. So is tariff uncertainty. Investors are fearful. Could Bitcoin provide the antidote?

Strive's Director of Bitcoin, Ethan Peck, believes that it might. To learn why, as well as the role Bitcoin may play as a stabilizing force as a currency reserve asset, check out his new piece in Townhall below.

[Read Here](#)

Voting Spotlight: Yum! Brands



Each week during proxy voting season, Strive will highlight one interesting vote from a recent company's annual meeting.

Last week, Strive voted against a [proposal](#) asking Taco Bell, Pizza Hut, and KFC's parent company, Yum! Brands, for a workplace safety report. The proponent noted that a Taco Bell store was robbed in Texas last year and that "other workers in South Carolina and Illinois were also victims" of various crimes. The proponent therefore asked the company to do more to combat gun violence.

The company opposed the proposal, explaining that it already has a weapons-free workplace policy and that franchisees use industry best practices to train workers.

Because the proposal targeted a social concern, rather than a financial one, we voted against it.

The Best of The Rest

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

- [Microsoft takes heat for adding DEI messaging to Minecraft](#): in-game message imploring users to "educate your friends on anti-racism" goes viral.
- [Debanking is in the news again](#): as the Trump Administration reportedly considers revising rules requiring "fair access" to banking services for all customers, regardless of political beliefs.
- [U.S. and United Arab Emirates strike AI deal](#): as the Middle Eastern country unveils the largest AI project to date, with U.S. promising access to millions of the world's most powerful semiconductor chips.
- [CalPERS and CalSTRS host diversity conference](#), remain committed as ever to DEI.

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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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