

The Fiduciary Focus

Investment News From a Pro-Shareholder Perspective

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This Week: JPMorgan drops proxy duopoly; U.S. pulls out of UN climate groups; The Bitcoin Brief examines an early win from MSCI.

JPMorgan Drops Proxy Duopoly After Strive Engagement



In an industry first, JPMorgan has cut ties with controversial proxy advisory firms Institutional Shareholder Services and Glass Lewis, the [Wall Street Journal](#) reports.

Strive's Advocacy: For years, Strive has been a vocal opponent of ISS and Glass Lewis, which have used their power as proxy voting advisors to push costly ESG and DEI on corporate America, often to shareholders' detriment. Yet many asset managers, including JPMorgan, continued to defer to their judgment, which, in our view, constituted a breach of the fiduciary duties they owe their clients.

JPMorgan's Skepticism: JPMorgan Chief Jamie Dimon has shared many of our concerns, calling the proxy duopoly "incompetent" and saying they "should be gone and dead, done with." Yet until last week, JPMorgan continued to work with them.

Strive's Engagement: Late last year, Strive's engagement team met with JPMorgan to express our concerns and urge the company to focus on creating value for shareholders by honoring its fiduciary duties to its clients.

JPMorgan's Change of Heart: Last week, JPMorgan announced it was dropping the proxy advisory firms in favor of an in-house, AI-powered platform that will cast shareholder votes. While the move is almost certainly a vast improvement over relying on ISS and Glass Lewis, time will tell whether JPMorgan's platform suffers from the same ESG- and DEI-biases that have plagued other AI systems. Still, so long as JPMorgan remains cognizant of this issue and committed to focusing on financial value alone, shareholders should notch this change as a win.

See Also: JPMorgan's announcement is the latest setback for ISS and Glass Lewis, which are also facing federal [probes](#) for potential antitrust and consumer protection violations.

United States Exits UN Climate Groups



Last week, President Trump announced the U.S. would pull out of almost seventy international organizations, including two focused on fighting climate change, [Bloomberg](#) reports.

The Groups:

- The Intergovernmental Panel on Climate Change, which is a UN body that provides input for climate goals, including those set in the Paris Agreement;
- The UN Framework Convention on Climate Change, which is an organization created by an international treaty to hold meetings and negotiations to create binding commitments to limit global warming.

What They're Saying:

- "The Trump Administration has found these institutions to be redundant in their scope, mismanaged, unnecessary, wasteful, poorly run, captured by the interests of actors advancing their own agendas contrary to our own, or a threat to our nation's sovereignty, freedoms, and general prosperity."—Marco Rubio, Secretary of State;
- "I am unsure how the IPCC can continue without the U.S."— Benjamin Horton, Dean of the school of energy and the environment at City University of Hong Kong.

Why It Matters: For the better part of a decade, environmental activists pointed to the Paris Agreement as ironclad proof that the world was inevitably moving towards decarbonization, and that companies who refused to get on board would be left behind. Now, as the U.S. and even the EU pull back on these pledges, companies that raced to invest heavily in electric vehicles, renewable energy, carbon credits, and other green industries are the ones paying the price. The U.S. departure from these organizations should serve as a reminder that politics is inherently political.

Political Disclosure Proposals Often Succeed, Despite No Financial Benefit



A new [study](#) shows that shareholder proposals seeking political and lobbying disclosures often succeed in changing corporate behavior, despite the fact that they do not help companies' bottom lines, and may in fact expose companies to further ESG bullying and related risks.

The Proposals: Proposals related to corporate lobbying disclosures are often overlooked, particularly compared to headline-grabbing climate and DEI proposals. But these proposals are important. They typically ask companies to provide more details about their political spending, withdraw from industry lobbying groups or redirect their political spending away from politicians who support disfavored causes.

The Study: The researchers examined all political spending proposals from 2014 to 2023 at S&P 500 companies. They found:

- Far higher shareholder support than for other ESG proposals, ranging from 23% to 38% across years;
- A significant number of withdrawals reflecting "at least partial settlements in which companies agree to enhance disclosure";
- That these proposals (whether voted upon or withdrawn) significantly impacted corporate behavior, with companies receiving such proposals increasing transparency in subsequent years.

No Financial Benefit: The authors also noted that empirical research has failed to demonstrate any relationship between political transparency and firm value. And companies often argue the opposite: that lobbying and trade groups advance legitimate business objectives, while greater transparency serves only to put a target on their back.

The Bottom Line: Political disclosure proposals may not garner the attention of a racial equity audit or splashy climate pledge, but they have a significant impact on targeted companies, and not a positive one.



MSCI Abandons 50% Crypto Exclusion Rule

Last week, MSCI handed digital asset treasuries a win by [withdrawing](#) its proposal to exclude companies with at least 50% of their assets in cryptocurrencies from its indices. This was an upset: Polymarket had [given](#) Strategy (MSTR) a 77% chance of delisting. "We are surprised by this clearly positive development," [wrote](#) Lance Vitanza of TD Cowen. Benchmark's Mark Palmer added that "it appears that the company's arguments against the exclusion of digital asset treasury companies from the indexes may have had the intended impact."

While meaningful, this was only an early victory in the war for index inclusion and access to passive flows. That's because while MSCI has scrapped its plans to exclude digital asset treasuries for now, it launched a broader consultation asking how to distinguish investment funds from operating companies more generally. And it continues to freeze share count weighting increases for companies like Strategy in the meantime.

The good news is that MSCI's announcement addresses many of the concerns Strive raised in its [letter](#). It abandoned its blunt 50% threshold, saying "assessing index eligibility across a range of these types of entities may require additional inclusion assessment criteria, such as financial-statement-based or other indicators." This acknowledges the practical problems Strive and Strategy highlighted, including the difficulty of measuring true crypto exposure given different instruments and accounting regimes.

Encouragingly, MSCI also displayed a desire to treat Bitcoin neutrally, as the logic of passive investing requires:

DATCOs may represent a subset of a wider group of entities whose business activities are predominantly investment-oriented rather than operational. Distinguishing between investment companies and other companies that hold non-operating assets, such as digital assets, as part of their core operations rather than for investment purposes requires further research and consultation with market participants

MSCI has acknowledged that a crude digital asset threshold is an inadequate way to define investment companies. The next step is a more nuanced framework, specifically, one that can fairly distinguish between passive investment vehicles and operating businesses in a world where some of the most forward-thinking companies are upending conventional distinctions between the two.

The Best of The Rest

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

- "[BlackRock is the problem Larry Fink warns about.](#)" claims Consumers' Research's Will Hild in new piece arguing that the asset manager continues to promote foreign influence on U.S. companies.
- [Companies need to scrap DEI](#), but should do so carefully, and in ways that will maintain attorney-client privilege, argues Bloomberg Law.
- [2025 corporate governance trends in Silicon Valley and beyond](#); dual-class voting stock structure continues as long-term trend, classified boards remain common and simple majority voting is the norm.
- [GM books \\$6 billion loss as it scraps EV plans](#) as sales of U.S. electric models fell sharply across the industry in the fourth quarter.
- [Companies continue to push recycling and sustainability goals](#), but are doing so less vocally, new Bain report finds.

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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.

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