



# Go Big



The health and economic challenge we are all facing is stimulating a spirit of cooperation, innovation, and calculated risk taking to solve this problem. As painful as it is in the immediate term, government has “gone big” in shutting down vast areas of the economy to provide social distancing and halt the spread of this virus. This bold move will show results in slowing the pandemic and preventing hospital overload from the spread to the vulnerable sector of our populations, certainly in the US as it did in South Korea, for instance.

Fortunately, the US economy was very strong ahead of this general shutdown and US government is “going big” by deploying massive amounts of money to mitigate the damage this economic pause will cause. The plans are for huge support and stimulus to carry us through this event. We have experience from the Great Depression, the 1987 Financial Crisis, and the Great Recession of 2008. Those experiences have shown that the absence of financial support measures only expands the suffering, until robust financial stimulus methods are employed. Half measures are not the appropriate response to a crisis of this magnitude, and tend to lengthen and deepen their economic damage. It is encouraging the government is looking to go big by what can be described as a massive liquidity injection into the economy, as well as persist in these measures until the crisis is over. Globally, the US Federal Reserve is “going big” using a strategy developed during the Great Recession, by extending US dollar liquidity swap lines to 15 foreign central banks.

The analogies of a world war are an accurate fit for what the world is now facing. As in war, our manufacturing firms are planning how to retool for critical resources. But this time, thank goodness, we are all allies and we are all working together to preserve the lives of a significant portion of the most vulnerable people in our populations. “Going big” in public health with a general shutdown for social separation to identify and separate people



with the virus is the right thing to do. This is collective sacrifice for the greater good and for saving lives. We can feel good about this. The goal is to take the infection out of the population until treatments and vaccines are available and not overwhelm the healthcare system. In the meantime, getting the disease out of the population is a viable strategy when there is no vaccine yet available.

US Capital Global went big and moved very quickly and decisively to adjust operations ahead of the government's formal requirements and pronouncements. I have been an entrepreneur my entire long career, so I am used to thinking decisively and strategically. Our operations are now fully remote and appropriately scaled for the long run. We have been online and digital for many years now so the new twist of working remotely and out of office is not a huge adjustment for our team. Many of our operations are dispersed around the world already: London, Ukraine, Moscow, Philippines, and Kolkata.

US Capital Global Investment Management's asset-backed credit funds are continuing to receive scheduled payments from their portfolio companies, as agreed. We utilize asset-backed secured lending and have flexibility to do temporary loan modifications, as needed, if extraordinary situations emerge for them. Our portfolio companies are resilient and in sectors like restaurant food delivery, FinTech digital regulated banking, and areas that are currently protected from the government shutdown in the US. The team at our regulated broker-dealer, US Capital Global Securities LLC, is thankfully healthy and socially separated in order to remain that way. Our debt syndication and broker-lender, US Capital Global Partners LLC, is inundated with requests from finance companies seeking liquidity, oil and gas servicing companies repositioning their balance sheets, trade finance requests for medical supplies delivery to central Europe, and hospitals expansion financing programs. We are supporting the government, health care professionals, and scientists to "go big" and energize the combat against this health and economic crisis.

We are obviously going to get through this event, like we have prevailed in every challenge our society has faced, health-related or otherwise. The issue, on the financial front, is to use our experience to mitigate the short-term financial cost and damage this dramatic event will cause. The current federal government strategies are supporting a "go big" strategy. The



current debates are centered around what “going big” exactly looks like, not if it should be done.

By reviewing history, and the current state of affairs, we are justifiably and guardedly optimistic and hopeful about the medium and long-term outlook for the health crisis and the economy, and our ability to collectively get through the crisis.

**Jeffrey Sweeney**  
**Chairman and CEO, US Capital Global**

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