



Pent-up ambition



By Jeffrey Sweeney, Chairman and CEO, US Capital Global
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Time for leadership and innovation

Leaders don't take the safe path. Leaders don't take a vote of their advisors to decide how to deal with a matter; that is not leadership. Leaders take calculated risks after carefully reviewing a variety of data inputs and information. Leadership is shown in enterprise and investments by assessing information and making critical, independent decisions, which is not a plurality of advisors' opinions or the news. After nearly a month of mostly complete isolation due to the current pandemic, people are eager to get back to work and businesses are ready to get back to commerce.

Now, more than ever, we need innovation and critical deep thinking to apply to a safe holistic and ambitious restart of our economies. In the short term we need to continue to operate at an extreme level of hygiene using masks, social (and in-office) separation, and even shelter at home. But even when the all-clear is announced we all need to consider superior hygiene standards. I believe we have become lax in hygiene standards in general, especially regarding circulating in society while ill or going to work while sick. We, collectively, need to take precautions for each other as well as give creative solutions to provide support and services to each other, while keeping all of us as safe as practical from infection. Now is the time to move forward from the entire population sitting home indefinitely and ordering take away food.

Smart businesses will set and encourage better standards of hygiene in their workplace and with staff, and more creative working practices. We at US Capital Global have initiated a remodel to more open workspaces and less density in our offices. Most creative solutions will come from the private sector and not the technocrats or politicians. Leaders of enterprise will have the practical ideas and innovative solutions to balance the need to protect and the essential need for enterprise.

The economy will reopen and rebound

Now that the talk has turned to when and how to "reopen" businesses, we can anticipate sooner rather than later the return to normal business activity, which will be rapid or gradual depending on sector and region. There is powerful pent up ambition and desire to get back to the job of filling the world's needs. To do this requires smart businesses to be unleashed and get back to work. We



are appreciative of governments' efforts to soften the blow of the economic shutdown, but waiting around for a relatively small government check is not what most people are used to or want.

There will be some businesses that will recover more quickly than others. Some were in better financial condition ahead of the lockdown and some that relied on a large concentrated press of humanity may take a while to recover or may reconstitute in a different form. There will be a number of businesses that do not reopen and go out of business for the reasons noted above. There will be other entrepreneurs springing up to take up providing different services and products made necessary by the pandemic. Even a few governments and alliances may take a different form due to weaknesses exposed by the economic and social stress brought on by these events.

Investment opportunities

At US Capital we don't make public policy; we manage funds, make investments, and raise capital for companies. We track public policy and anticipate the repercussions and opportunities, as most entrepreneurs do to prosper. We specialize in alternative, non-publicly listed and unrated investments, and small cap investments. It takes innovation and creativity to operate successfully in this space.

Our focus is to select private investments that meet our mandate for growth equity or asset-backed fixed income. The opportunities we like made sense before the crisis and appear still to make sense during and after the crisis. Our fixed income opportunities include gold-backed **Raptor International LTD**, who make gold asset-backed loans to operating mines in developed countries for fixed interest rates. They also include **Metals House LTD**, a gold-backed inventory line of credit for purchasing gold from artisanal mines at wholesale prices and selling at retail prices to Asian markets for an arbitrage margin. Our **US Capital Global Lending** and **US Capital Global Business Credit Income Fund** make business loans to companies backed by assets and cash flow. These are all alternative investments that are asset backed with cash available to make debt service. At this juncture, although there are no guarantees things will remain good going forward, our portfolio companies are currently performing as projected when we made the allocations.

In addition to our fixed-income investment products, we also have growth equity investment opportunities we are raising capital for and which in several cases we have invested in through our own private investment funds. I want to specially note **Takeout Group**, an established family business from Denmark that facilitates food delivery from restaurants. We invested in them ahead of the pandemic and have an ongoing convertible note available for additional investors. They have an innovative software-as-a-service (SaaS) model, unlike most other players in the food delivery space,



where they provide delivery services as well as the customer data to the restaurants, encouraging them to build a relationship with their clients and grow their businesses and the communities they are in.

We just launched a convertible note for **EQIBank LTD**, a fully regulated commercial bank under Caribbean Law. They are specializing in international banking of funds, B-to-C employee payment programs, and family office international banking. They are connected to the international banking community and can use ACH and SWIFT to move depositors' fiat funds internationally. In addition to conventional banking services, EQIBank also has permissions for custodianship and transacting in digital assets. This includes crypto currencies and digital securities. For qualified clients and businesses that meet rigorous international AML and KYC standards, they can hold digital and fiat currencies and transfer between their deposit accounts, have debit cards, and transfer funds in and out of their fiat or digital accounts. We have seen several aspirational companies in this sector but have seen few that actually have the regulatory permissions and ability to transact like EQIBank.

Capital never sleeps

These are examples of companies we are invested in and raising capital for, which we believe are not so directly correlated with the general market or the current crisis.

We are seeing investors stepping up and making investments in our portfolio companies and funds even within the last couple of weeks of public market chaos. There are leading investors in the market actively allocating to alternatives because they believe in a sensible strategy of investment diversification now, regardless of the current crisis climate. We are also seeing an increased influx of relationships coming to us as referral sources and will have some announcements of several new bankers and advisors joining our team. Inquiries from issuers looking to raise capital or receive allocations are also up. Sections of the economy may be "closed," but as they say, "capital never sleeps," and the private capital markets are alive and awake. People are sorting out what opportunities are steady and performing and what opportunities will see growth during and after the pandemic.

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