



The Recovery - Social Separation, Reflection, and Rebalancing

There will be a robust, energetic rebound in our collective ambition, which will translate to a post-pandemic economic rebound.

By Jeffrey Sweeney, Chairman and CEO, US Capital Global



Inspiration from historical intentional social separation

Social separation is nothing new. People socially separate by hiking in the woods, jogging, bike riding, meditating, even staying home when sick. The tradition of socially separating for personal reflection, involuntarily reasons, and religious and spiritual purposes has happened for thousands of years. The founders or spiritual leaders of most world religions have socially separated. Jesus went to the desert and Muhammad, Shri Ram, and Buddha all socially separated for spiritual purposes and came back to the world inspired and reinvigorated. Social separation, with intention, can lead to personal realizations and the opportunity to rebalance and reflect on our lives—and our businesses.

In the mid-90s I was at sea, sailing around the South Pacific for many months at a time with minimum social contact. It helped me realize who my true friends were, how much I loved and respected my parents, and led me to commit deeply to my yoga practice and found US Capital Global. Contemplative social distancing can be beneficial for personal and business reasons as well as spiritual ones. I was tremendously inspired and motivated after my sailing adventure and came back to work with a renewed focus, energy, and determination. I strongly suspect society in general will return to work with a renewed vigor. The current and evolving government programs to support people and businesses, large and small, will create and maintain the foundation for this inspirational rebound of pent up ambition. Bellwethers will emerge stronger and new businesses and business leaders will manifest.

Reflecting on our impact on society

The current mandated social separation has stimulated reflection on our relationship and service to society. We are pleased with the charitable contributions we make to organizations that support the distribution of food and education to the deserving. Food Bank, Food for Life Vrindavan, Golden Avatar, and Braj Bhumi all



serve the neediest with these essential services. They are doing more than ever as their services are even more essential with the ongoing worldwide pandemic. We have resolved to increase our support for these organizations going forward as they resonate with our values, and during a time like this, their benefit is so apparent.

We think of the majority of our clients and portfolio companies who represent positive social impact enterprises. **Takeout Group**, a Danish portfolio company of ours, supports small and large restaurants with a software-as-a-service application that connects them with economical delivery providers. Additionally, they provide all customer data to those restaurants to help build traffic and relationships, and local communities. We are assisting them in finding investors to follow on the investment we made in the convertible note we have funded. **Smart Matrix**, a British MedTech company, is near final approval determination in the EU for a medical device designed to eliminate the need for a skin graft after many skin cancer surgeries, leading to better cosmetic and medical outcomes. We recently closed an investment for **MIRIS AS**, a Norwegian company that creates hyper-sustainable, energy-positive real estate eco hotel developments and data centers. Their marquee development, the Svart Hotel, above the arctic circle in Norway, a luxury energy-positive hotel, is a locally approved development that produces more energy for the community than it uses. The proprietary MIRIS platform creates developments qualified for green bonds and developments that minimize environmental impact during and after the development phase. I sit on the advisory board of MIRIS and we have completed the **funding of a \$10 million bridge loan**.

Rebalancing: Time for investors to reassess their investment portfolio?

Investors need suitable diversified portfolios of both conventional, public market investments in debt and equity, as well as alternative investments in fixed income and growth equity. The current economic crisis emphasizes the real volatility of the public markets and the relative stability of the alternative markets, just like it did in the financial crisis of 2008. Our fixed income funds, **US Capital Global Business Credit Income Fund, LP** and our **US Capital Global Lending LLC** focus on asset-backed loans to small and lower middle market businesses, currently with enough flow cash and/or structures to meet our debt service requirements. Our funds generated their target returns in all of 2019 and the first quarter of 2020 without exhibiting the downside volatility the public debt and equity markets exhibited. All investments involve risk and past performance is no indication of future performance, of course. Our income funds are no different in this regard but are designed and managed to have no direct correlation with the public markets.

The move to alternative fixed-income investments accelerated after the financial crisis of 2008. However, with the steady rise in the public market values since the depth of that financial apocalypse it becomes more important than ever to rebalance to a suitable level of alternatives in one's portfolio to counterbalance overexposure to public market securities, manage portfolio risk, and avoid excess cross-correlation.



We have several gold asset-backed fixed-income alternatives such as **Raptor International Ltd.** Raptor makes senior secured loans to existing lower middle market, first-world country, operating gold mines to increase production on proven and producing reserves. This strategy is executed in middle market and large cap mines, but not widely available in the lower middle market where they see an opportunity. US Capital Global manages the loan portfolio and the strategy execution is by a seasoned team of long-time mine developers and engineers. **Metals House Inc.** is a gold-backed trading company that purchases gold from artisanal mines in the country of origin and transports, refines, and resells the gold at a profit. The entire chain of custodianship is bonded and insured by AAA service providers and transporters. At any point in the process the gold can be liquidated for the benefit of the investors. US Capital Global manages the collateral of the offering, and US Capital Global Securities is the exclusive placement agent raising investor funds for the offering. The Metals House Inc. offering is approved for distribution to registered investment advisors.

Reviewing our charitable commitments, investment thesis, and portfolio companies, we find a large degree of satisfaction in our choices of partners. You will see in these few examples above, not just notable diversity in their industries and business models, but also a significant range of different types of financing and investment vehicles. I encourage everyone to use this time to consider the inevitable post-pandemic rebound and visualize what we want our portfolios and relationships to look like.

Securities offered through US Capital Global Securities, LLC ("USCGS"), member FINRA/SIPC. This is for your information only and is not an offer to sell, or a solicitation of an offer to buy, the securities or instruments of issuers mentioned. The information has been obtained or derived from sources believed by us to be reliable, but we do not represent that it is accurate, complete, or timely. Any opinions or estimates contained in this information constitute our judgment as of this date and are subject to change without notice. USCGS or its affiliates may provide advice to, be compensated by, or may from time to time acquire, hold or sell a position in the securities of, the issuers mentioned herein. Any such offer or solicitation shall be made only pursuant to the confidential private placement memorandum. Additional information regarding the issuers mentioned can be obtained from USCGS. 062004A