Beyond Bullion: Gold-Backed Income in a Digital World

By **Jeffrey Sweeney**, Founder and Chairman, **US Capital Global**

As AI exposure spreads across both stocks and bonds, where can investors look for genuine diversification? Jeffrey Sweeney explores the growing appeal of gold-backed bonds and other hard-asset-backed private credit, where tangible collateral and current income can provide a distinctly different source of return.

The Diversification Challenge

Artificial intelligence is creating extraordinary opportunities, but it is also reshaping the investment landscape. The AI boom is no longer just a technology-stock story: the enormous investment required to build AI infrastructure is increasingly reaching into corporate bonds, data centers, utilities, and other parts of the market.

That raises an important question: How diversified is a portfolio if its stocks and bonds increasingly depend on the same underlying economic theme?

Gabriela Santos, Chief Market Strategist for the Americas at J.P. Morgan Asset Management, recently raised precisely this concern. As **Bloomberg reported**, Santos warned that AI concentration risk now extends beyond equities into fixed income. Among the assets she identified as offering distinctly different sources of return were U.S. Treasuries, core real estate—and gold.

This is not an argument against technology or AI. Rather, it is a case for genuine diversification: seeking investments whose value and cash flows are driven by fundamentally different economic forces. That is what makes Santos's reference to gold particularly interesting.

For investors looking beyond conventional stocks and bonds, gold can play a role not only as a traditional store of value, but also as the tangible asset underpinning income-producing private credit. I find these structures particularly compelling when they combine hard-asset collateral with current income. As I often put it, collateral backed with income is my favorite.

Why the Collateral Matters

Much of lending ultimately depends on an enterprise continuing to generate cash flow. Lenders may underwrite against EBITDA, recurring revenues, or the cash flow available to service the debt. But even historically dependable cash flows can be disrupted, as rapid advances in AI are demonstrating across parts of the technology sector.

Hard-asset-backed lending adds another layer of protection. When a credit is secured by identifiable assets—real estate, equipment, commodities, or gold—the lender is not relying exclusively on the future performance of the underlying business.

That does not make an investment risk-free. Collateral can decline in value, counterparties can fail, and private securities

Securities offered through US Capital Global Securities, LLC., member FINRA/SIPC.
Assets managed by US Capital Global Investment Management, LLC.

carry credit, execution, liquidity, and other risks. But tangible collateral can provide an additional source of value behind the obligation.

Gold is particularly interesting because it is a globally recognized physical asset with a deep international market. And gold-backed private credit offers something different from simply buying bullion and hoping its price rises: the potential to combine hard-asset backing with contractual income.

Gold at Work: Metals House

One example of this approach is Metals House Inc., a global physical precious-metals company that purchases gold and captures spreads between buyers and sellers across different markets and geographies. Its precious-metals inventory is hedged against market fluctuations and insured and secured while held in bonded vaults, at refineries, or in secure transit.

US Capital Global Securities LLC, our SEC-registered broker-dealer affiliate, is currently offering investors access to a **$100 million Metals House listed bond issuance backed by a senior secured loan that includes gold assets as collateral.** The bond carries a BBB– rating and a fixed annual coupon of 9.75%, paid semiannually. The underlying assets consist of physical gold inventory or U.S. dollars held in bank accounts.

What I find interesting about this model is that the gold is not simply sitting passively in a vault. It is being deployed within an operating business designed to generate cash flow from the global physical-gold trade.

Gold Vault: Finding Value Above Ground

Gold Vault Partners LLC, another investment opportunity offered through US Capital Global Securities, takes a very different approach. Across the American Southwest, historic gold and silver mines have left behind vast quantities of ore and tailings that were uneconomic to process when precious-metal prices were far lower.

What makes the strategy interesting is that the mining has already been done. Rather than drilling and digging for new deposits, Gold Vault targets mineral-rich material already sitting above ground, then samples, assays, and reprocesses it to recover gold and silver. This can significantly reduce the cost, geological uncertainty, and operational complexity associated with conventional mining.

For me, that combination is particularly compelling: a strategy seeking to unlock overlooked value from identifiable, U.S.-based hard assets. It is a striking example of how changing technology, commodity prices, and economics can turn yesterday's overlooked material into today's potentially valuable resource.

Tangible Assets in an Increasingly Digital World

Genuine diversification is not simply about owning different securities. It is about understanding what ultimately drives their value. If an investor owns AI-related equities alongside bonds financing the AI buildout, those securities may carry different labels while sharing much of the same underlying exposure. That is the significance of Santos's warning about AI's expanding "tentacles."

Private markets can provide access to assets driven by very different economics, including real estate, infrastructure, commodities, and other tangible sources of value. Gold-backed private credit belongs within that broader landscape,

Securities offered through US Capital Global Securities, LLC., member FINRA/SIPC.
Assets managed by US Capital Global Investment Management, LLC.

offering the potential to combine current income with the additional support of a hard asset.

Of course, collateral is only as meaningful as the structure surrounding it. As I always say, you have to look closely at the counterparty. The quality of the issuer, the collateral, the cash flows, and the legal protections all matter. But where those fundamentals align, I find the combination of tangible collateral and current income particularly compelling.

In an investment world increasingly shaped by digital technologies and expectations about future growth, there is something refreshingly straightforward about seeking returns grounded in assets you can actually touch.

*Jeffrey Sweeney is a founder, investment banker, and fund manager with decades of experience in corporate finance and asset management. He is Founder and Chairman of US Capital Global (**www.uscapital.com**), a full-service global private financial group headquartered in San Francisco with primary offices in Dallas, Philadelphia, Miami, London, Zurich, Dubai, and Singapore. All securities at US Capital Global are offered by its FINRA-member, SEC-registered broker-dealer, US Capital Global Securities LLC.*

Securities offered through US Capital Global Securities, LLC., member FINRA/SIPC.
Assets managed by US Capital Global Investment Management, LLC.