Saichild Holdings Limited
1st Quarter 2026

CIO Insights – Paulus Saichild

Executive Perspective

The first quarter of 2026 began with a relatively constructive global economic outlook. Growth remained resilient, technology investment continued to support activity and financial conditions remained broadly supportive. In January, the IMF projected global growth of 3.3% in 2026, with global headline inflation expected to decline to 3.8%.

By the end of the quarter, however, the investment environment had changed materially.

The escalation of conflict in the Middle East created a major energy and supply shock, disrupting oil and refined-product flows, lifting inflation risks and forcing markets to reassess the outlook for monetary policy and economic growth.

The transition was rapid.

What began as a year characterised by resilience and technology-led investment became a quarter defined by geopolitical risk, energy disruption, changing correlations and rapidly repriced risk.

For a proprietary capital platform such as Saichild, this distinction matters. Markets do not always move in a straight line from fundamentals to price. Dislocations can emerge when geopolitical events, liquidity, positioning and physical constraints interact faster than capital can adjust.

Q1 therefore reinforced a core principle of our investment approach:
Flexibility is valuable when the market regime changes.

01 THE GLOBAL ECONOMY
Resilience Meets a New Supply Shock

The global economy entered 2026 with stronger momentum than many had anticipated.

The IMF's January forecast projected global growth of 3.3% in 2026 and 3.2% in 2027, supported by technology-related investment, fiscal and monetary support, relatively accommodative financial conditions and continued private-sector adaptability. Technology investment, particularly in artificial intelligence, remained an important source of demand across North America and Asia. The quarter subsequently introduced a very different force.

The escalation of conflict in the Middle East created a significant supply-side shock, particularly through the energy market. Oil and refined-product flows through the Strait of Hormuz were severely disrupted, while concerns over transportation, refinery capacity and regional production increased the sensitivity of global markets to every change in the conflict.

The impact extended beyond energy.
Higher oil prices can feed directly into inflation. Higher inflation can delay monetary easing. Higher rates can affect currencies, corporate financing costs and equity valuations. At the same time, weaker consumer and industrial demand can reduce economic activity.

The result is a feedback loop between energy, inflation, rates, currencies and growth. This is particularly relevant for Asia.

The region remains deeply integrated into global manufacturing, technology and trade, while several major Asian economies are significant energy importers. Korea, Singapore and other regional markets therefore remain sensitive not only to global technology investment, but also to energy prices, freight conditions and external demand.

Q1 demonstrated that economic resilience can coexist with significant market vulnerability. The headline economy may remain stable while individual sectors, businesses and asset classes experience very different conditions. For capital allocators, dispersion matters.

02 PROPRIETARY TRADING
When Market Relationships Change

Q1 reinforced the importance of analysing markets through relationships rather than simply through direction.

At the beginning of the year, expectations around monetary policy, technology investment and global growth remained important drivers of financial markets. As the quarter progressed, energy prices and geopolitical risk became increasingly influential.

The US Federal Reserve maintained the federal funds target range at 3.50% to 3.75% at its March meeting, while noting that economic uncertainty remained elevated and inflation was still somewhat high. This created a complex environment for currencies, rates and equities.

Changes in oil prices influenced inflation expectations. Inflation expectations influenced interest-rate pricing. Rate expectations affected currencies and equity valuations. At the same time, changing risk sentiment influenced liquidity and positioning across markets.

For proprietary trading, these relationships can create opportunities when markets temporarily move out of alignment. The focus is therefore not simply on whether an asset should rise or fall. It is on whether the relationship between price, fundamentals, liquidity and risk creates a sufficiently attractive opportunity.

This may involve relative-value strategies, directional positioning or risk overlays across FX, rates and equities. The underlying philosophy remains consistent.

Identify the relationship. Define the risk. Size the position. Remain adaptable. Q1 also demonstrated why risk management cannot be separated from trading. A market can move in the expected direction while the position still performs poorly because of liquidity, timing, volatility or correlation changes.

For Saichild, relative value, position taking and risk overlay remain complementary components of proprietary capital allocation.

03 COMMODITIES
When Physical Disruption Becomes Market Risk

The commodity market experienced one of the most significant changes during the quarter. The IEA's March Oil Market Report described the Middle East disruption as the largest supply disruption in the history of the global oil market. Flows through the Strait of Hormuz, which had previously carried around 20 million barrels per day, fell dramatically, while Gulf producers reduced production by at least 10 million barrels per day.

Oil prices responded violently.
Brent futures traded close to US$120 per barrel before easing back toward approximately US$92 per barrel by the time of the IEA's March report. The speed of the move illustrated how quickly physical disruption can be transmitted into financial markets.

The impact was not limited to crude.
More than 3 million barrels per day of regional refining capacity had been shut, while Gulf producers had exported approximately 3.3 mb/d of refined products and 1.5 mb/d of LPG during 2025. The disruption therefore affected the wider energy value chain, including refined products, LPG and aviation fuel.

The IEA also reduced its 2026 oil-demand growth forecast to 640,000 barrels per day, reflecting the combined effect of higher prices, weaker economic expectations and direct disruption to transport and industrial activity.

For Saichild Commodities Asia, the quarter reinforced a fundamental distinction.

The headline commodity price is only one part of the market.
The physical transaction depends on supply, inventory, freight, storage, product specifications, documentation, delivery terms and counterparty quality.

This is particularly important in markets such as EN590, Jet A-1, LNG, LPG, light crude, agricultural commodities and industrial materials.

When physical markets become dislocated, access and execution can become as important as price.

04 SITUATIONAL INVESTMENT
Capital for Circumstances, Not Just Markets

Q1 also reinforced the relevance of situational investment.
Unlike public markets, where price changes continuously, private situations are often driven by a specific event or circumstance.

A company may require immediate liquidity. A shareholder may seek an exit. A business may require restructuring. An acquisition opportunity may emerge because of a change in ownership. A fundamentally viable business may temporarily become constrained by its capital structure. These situations can create a disconnect between current circumstances and underlying value. The opportunity, however, does not exist simply because a company is distressed.

The important questions are more fundamental.

- What created the situation?
- Is the issue temporary or structural?
- What is the underlying value?
- What capital is required?
- What changes after the capital is deployed?

This is the investment philosophy behind CF&E ReThink Capital.
Situational investment extends beyond distressed businesses. It encompasses strategic acquisitions, restructuring, liquidity situations, growth capital, shareholder transitions and businesses where ownership or capital constraints create an opportunity for a different outcome.

For proprietary capital, the advantage is flexibility.

Capital can be structured around the situation rather than forcing the situation into a predetermined investment mandate.

The objective is not to acquire complexity.

It is to determine whether complexity has created an attractive mispricing.

05 CAPITAL ALLOCATION
The Value of Being Prepared

Q1 demonstrated that capital allocation is not simply about deciding where to invest. It is also about deciding when not to invest.

The speed and magnitude of the energy shock showed how quickly market conditions can change. A position that appears attractive before a major geopolitical event can become significantly less attractive afterwards.

For proprietary capital, maintaining liquidity therefore has strategic value.
It creates the ability to respond when markets become dislocated, while avoiding the pressure to deploy capital simply because volatility has increased.

This discipline applies across Saichild's investment activities.
In proprietary trading, it means waiting for a risk-reward relationship that justifies the position.

In commodities, it means validating the underlying physical transaction before committing execution or capital.

In situational investment, it means understanding the circumstances surrounding an asset before determining whether capital can change the outcome.

Different markets require different tools.

The discipline remains the same.

Protect capital first. Deploy capital when the opportunity justifies the risk.

06 SAICHILD PERSPECTIVE
From Resilience to Dislocation

Looking across Q1, one theme stands out.

The year did not begin with a fundamentally weak global economy. It began with resilience. The IMF expected global growth of 3.3%, technology investment remained an important growth driver and inflation was expected to continue moderating.

What changed was the risk environment.
Geopolitical escalation transformed the energy market. Energy disruption changed inflation expectations. Inflation affected monetary policy expectations. Market relationships shifted rapidly as investors reassessed risk.

The lesson for capital allocation is straightforward.
The economic environment can remain resilient while individual opportunities become increasingly dislocated.

For Saichild, this reinforces the value of maintaining flexibility across financial markets, physical commodities and private situations.

Our objective is not to predict every market movement.
It is to understand the forces behind those movements, identify where price and underlying conditions have diverged and determine whether the resulting opportunity justifies the risk. Capital should move when opportunity warrants it.

And when it does not, capital should wait.

OUTLOOK
Entering Q2 2026

The second quarter begins with a significantly different market backdrop from the one that existed at the start of the year.

Energy markets remain highly sensitive to geopolitical developments. Inflation risks have become more difficult to assess. Monetary policy remains data-dependent, while technology investment continues to influence capital expenditure and equity valuations.

The key question is therefore no longer simply whether the global economy can maintain its underlying resilience.

It is whether that resilience can absorb a prolonged energy and geopolitical shock without producing a more significant deterioration in demand.

For Saichild, the response remains consistent.

We will continue to evaluate opportunities across proprietary trading, commodities and situational investment, with particular attention to valuation, market structure, liquidity, execution and downside protection.

The most attractive opportunities may not necessarily appear in the markets experiencing the largest price movements.

They may emerge where the market has temporarily misunderstood the situation.
That is where proprietary capital can be most useful.

CIO'S CLOSING VIEW

“Our objective is not to predict every market movement. It is to understand where capital, price and value have become misaligned, and to act when the opportunity justifies the risk.”

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