



Saichild Holdings Limited

2nd Quarter 2026

CIO Insights – Paulus Saichild

Executive Perspective

The second quarter of 2026 marked a period in which the global investment environment became increasingly defined by the interaction between economic resilience, geopolitical disruption and rapidly changing capital flows. The global economy continued to expand, but beneath the headline growth figures, the dispersion between economies, sectors and asset classes became more pronounced.

The combination of an energy shock, persistent inflation, changing expectations for monetary policy and continued investment in artificial intelligence created an unusually complex market environment. The IMF's July assessment projected global growth of 3.0% for 2026, while global inflation was expected to remain elevated at 4.7%. At the same time, the institution highlighted the opposing forces affecting the global economy: the negative supply shock generated by conflict and higher energy costs, and the positive demand and productivity effects associated with technology investment.

For investors, this distinction is important. The current environment is not simply a question of whether markets are rising or falling. It is increasingly a question of where capital is being rewarded, where risk is being repriced and where temporary dislocations are creating opportunities that may not be visible through broad market indices.

This is particularly relevant to a proprietary capital platform such as Saichild. Unlike an investor whose mandate requires exposure to a particular benchmark or asset class, proprietary capital can move across liquid markets, physical commodities and private situations according to where risk-adjusted opportunities emerge.

During Q2, this flexibility became increasingly valuable.



01 THE GLOBAL ECONOMY

Resilience Beneath Greater Uncertainty

The global economy entered the quarter with considerable resilience, but the path through the period was shaped by an increasingly complicated interaction between supply and demand.

The energy shock originating from the Middle East created one of the most significant changes to the macroeconomic environment during the quarter. Oil prices initially moved sharply higher as markets priced in potential disruption to regional supply, transportation routes and refining capacity. The subsequent restoration of flows and reassessment of supply risks then produced an equally significant reversal.

This sequence illustrates a broader characteristic of the current economic environment: shocks are being transmitted across markets faster than traditional economic cycles would suggest.

Energy prices affect inflation. Inflation affects interest-rate expectations. Interest rates affect currencies and equity valuations. Currency movements influence commodity prices and corporate earnings. The resulting relationships create a market environment in which individual asset classes cannot always be analysed independently.

For Asia, the implications are particularly important.

The region remains a central component of global manufacturing, technology production and international trade. Economies such as Korea, Singapore and other major Asian markets remain deeply connected to the semiconductor and technology investment cycle. However, the region also contains significant differences in energy dependence, export exposure, domestic demand and monetary policy flexibility.

For investors, the result is an environment where regional averages can increasingly conceal meaningful differences between individual markets and businesses.

This is precisely where active capital allocation becomes more relevant.



02 PROPRIETARY TRADING

Reading the Relationship Between Markets

Q2 also reinforced our view that proprietary trading should not be defined simply by directional market exposure.

In a rapidly changing macroeconomic environment, the most interesting opportunities can emerge from the relationship between markets rather than the direction of a single market.

Interest-rate expectations influence currencies. Currency movements influence commodity pricing. Commodity prices influence inflation expectations. Changes in inflation expectations affect the valuation of equities and fixed-income instruments.

When these relationships temporarily diverge, relative-value opportunities can emerge.

For proprietary capital, the ability to analyse these relationships provides an important source of flexibility. Rather than requiring a single forecast for the global economy, capital can be allocated according to where the relationship between price, fundamentals and risk appears most favourable.

This may involve positioning across currencies, rates or equities, but the underlying philosophy remains consistent: the objective is to identify a sufficiently attractive difference between market pricing and underlying value while maintaining control over the risks associated with the position.

Q2 provided several examples of why this matters. Changes in energy prices produced rapid adjustments in inflation expectations and interest-rate pricing, while equity markets continued to absorb changing expectations around technology investment and corporate earnings.

For a proprietary portfolio, these conditions create both opportunity and risk.

Volatility can improve the opportunity set, but volatility without sufficient liquidity can also amplify losses. A position that appears attractive from a fundamental perspective may become problematic if market depth disappears or correlations change unexpectedly.



This is why risk management remains inseparable from position taking.

At Saichild, relative value, position taking and risk overlay are viewed not as separate activities, but as complementary components of proprietary capital allocation.

03 COMMODITIES

When Physical Markets Become Financial Markets

The commodity market was arguably one of the clearest expressions of Q2's changing investment environment.

The energy shock demonstrated how quickly physical constraints can become financial-market events. Oil prices initially responded to concerns surrounding supply and transportation, before reversing as physical flows improved and market participants reassessed the duration of the disruption.

The IEA reported that global oil supply rebounded significantly in June as flows through the Strait of Hormuz partially resumed. North Sea Dated crude subsequently declined by approximately US\$22 per barrel during the month.

For participants in commodity markets, however, the headline oil price tells only part of the story.

The underlying physical market involves production, inventories, refinery utilisation, transportation, freight, storage capacity, product specifications and counterparty risk. These factors can create significant differences between the headline benchmark and the economics of an individual transaction.

This distinction is central to Saichild Commodities Asia.

Our perspective on commodities is therefore not limited to whether the price of crude oil, refined products or industrial commodities is likely to rise or fall. The more important question is whether a transaction can be structured around genuine physical supply and qualified demand, with appropriate documentation, counterparties, logistics and execution.

The same principle extends beyond crude oil.



Jet fuel, LNG, LPG, refined petroleum products, agricultural commodities and industrial materials can all experience temporary imbalances between supply and demand. These imbalances may create opportunities, but they also require specialist knowledge of the physical market.

In this environment, market access and transaction discipline become as important as price direction.

04 SITUATIONAL INVESTMENT

Capital for Circumstances, Not Just Markets

The third component of our investment framework is situational investment.

Unlike liquid public markets, where price changes continuously, private situations are often shaped by a specific event: a financing requirement, shareholder transition, restructuring, acquisition opportunity, liquidity constraint or change in strategic direction.

The investment opportunity can therefore arise because circumstances have changed faster than the underlying value of the business.

This distinction is important.

A distressed company is not automatically an attractive investment. Likewise, a rapidly growing company is not necessarily attractive at any valuation.

The investment case exists when the situation, valuation and potential outcome are sufficiently aligned.

Private markets continued to become more selective during the first half of 2026. PwC reported that US private-equity deal volume declined materially while average transaction size increased substantially, indicating greater concentration of capital around larger or higher-conviction transactions.

For proprietary capital, this environment can create opportunities that conventional capital may not always be positioned to address.

A business may have sound underlying operations but require immediate capital. An owner may need liquidity but face a limited buyer universe. A company may possess valuable technology or intellectual property while experiencing a temporary balance-sheet constraint.



These situations require a different investment mindset.

Rather than asking simply whether an asset is “good” or “bad”, the relevant questions become:

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

This is the philosophy behind CF&E ReThink Capital.

Situational investing is not limited to distress. It encompasses opportunities where complexity, timing or capital constraints create a temporary disconnect between value and price, ownership and potential, or capital requirements and available financing.

05 CAPITAL ALLOCATION

Waiting Is Also a Decision

One of the most important characteristics of proprietary capital is the ability to remain patient. Capital does not have to be deployed simply because markets are volatile. In fact, periods of significant volatility often require greater selectivity.

The ability to wait allows capital to distinguish between genuine dislocation and deteriorating fundamentals. It allows an investor to examine the structure behind the headline price and determine whether the opportunity represents temporary market pressure or a permanent impairment of value.

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

In commodities, it means ensuring that the underlying transaction, counterparties and physical flows are credible before capital or execution is committed.

In situational investment, it means understanding the circumstances surrounding the asset before determining whether capital can change the outcome. The asset class may change. The discipline does not.



06 SAICHILD PERSPECTIVE

From Dislocation to Opportunity

The investment environment is becoming less about broad directional markets and more about dispersion, relationships and specific situations.

Economic growth remains positive, but inflation remains elevated. Technology investment continues to support parts of the global economy, while energy shocks introduce new supply-side risks. Commodity markets remain sensitive to geopolitical developments, while private markets are becoming increasingly selective.

This environment does not necessarily favour a single asset class. It favours flexible capital.

For Saichild, that means maintaining the ability to evaluate opportunities across financial markets, physical commodities and private situations without being constrained by a single investment horizon or market structure. Our objective is not to predict every market movement.

It is to understand the forces creating those movements, identify where pricing has diverged from underlying conditions 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

The Second Half of 2026

As we enter the second half of the year, the investment environment remains defined by several competing forces.

Energy markets remain sensitive to geopolitical developments and physical supply. Monetary policy continues to respond to the tension between economic resilience and persistent inflation. Technology investment continues to influence capital expenditure and equity valuations. Meanwhile, private markets are increasingly differentiating between businesses with genuine strategic value and those dependent primarily on favourable financing conditions.

For Saichild, these conditions reinforce rather than alter our approach.

We will continue to seek opportunities across proprietary trading, commodities and situational investment, with a common emphasis on valuation, market structure, liquidity and downside protection.

The most interesting opportunities may not necessarily be found where markets are moving the fastest. They may be found 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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