THE MANDATE

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FORTNIGHTLY ECM, DCM, AND MACRO INSIGHTS — **TERM 1, WEEK 2**

On behalf of the CMA team, we'd like to welcome you to the start of Term 1! If this summer was any indicator, we are confident that this will be an exciting year for market changes.

We hope everyone enjoyed a good break and we thank you for staying tuned into events and notices by following us on CMA's Instagram and LinkedIn pages.

– CMA Publications Team

		CURRENT	FRTNLY
ASX200	$AU	8869.1	-0.39%
S&P500	$US	6939.03	-0.01%
AU 10Y	%	4.796	+2.41%
US 10Y	%	4.256	+2.04%
AUD/USD		0.6965	+4.48%
Gold Spot	$US	4865.35	+6.15%

FEB 27 — **SUBCOMMITTEE APPLICATIONS CLOSE**
YOUR CHANCE TO BE PART OF CMA'S *FIRST EVER* SUBCOMMITTEE

MAR 03 — **INSIGHTS INTO INVESTMENT BANKING & CAPITAL MARKETS**
AINSWORTH G02, 4PM TO 6PM, PRESENTED BY CMA

ECM Insight

OpenAI has formalised its path to the public market with an IPO expected around Q4 2026. (*Source: WSJ*)

The company is hosting informal talks with Wall Street banks regarding its IPO and has been collecting players to strengthen their internal finance functions. The appointment of Ajmere Dale as Chief Accounting Officer and Cynthia Gaylor as Business Finance Officer provides a peek into the highly-qualified team that OpenAI is assembling. Namely, Dale was the ex-Chief Accounting Officer at Block (formerly 'Square'), and Gaylor an ex-Investment banker, CFO, and Head of Corporate Development at notable firms.

The IPO is viewed as crucial in shoring up market confidence in OpenAI's long-term financial health, specifically with its ability to finance the AI infrastructure and semiconductor deals and commitments that are projected to total hundreds of billions over the coming years.

Preparation for the listing could take much of 2026. Efforts in pulling together investment in a pre-IPO round includes involvement from a few high-profile names. Discussions with Amazon of investment up to US$50B and SoftBank with US$30B are noted. This pre-IPO round is a type of late-stage private funding not only used to fuel initial growth, but imperative in strengthening balance sheets in preparation for a market debut.

Timing is critical in determining the success of an IPO. With 2026 lining up to be a blockbuster year for IPOs, the timing of OpenAI's listing is heavily influenced by a race to be a "first-mover" within the generative AI sector. Specifically, OpenAI executives have expressed concerns regarding Anthropic's potential to beat them to the market. This is especially worrying as Anthropic's internal forecasts project break-even in 2028, noted as 2 years earlier than OpenAI.

General market consensus has some investors weary of OpenAI's listing, convinced that it is a tactic for VCs and other private investors to get the public to cover their hysteria-fuelled bets before the AI bubble bursts under the weight of worrying fundamentals.

DCM Insight

Structural Shifts in the Japanese Bond Market (*Source: WSJ*)

Japan's US$11T bond market is the third largest in the world. It is currently undergoing its most significant structural shift in decades, transitioning away from the era of ultra-low and negative rates toward the highest borrowing costs in three decades. The benchmark 10Y yield surged past 2.25% (a 27-year high), while ultra-long 40-year yields reached an all-time peak of 4.22%. This yield shock (synonymous with a drop in prices) signals that investors are no longer willing to accept rock-bottom returns for the safety of Japanese debt.

The sell-off was partly driven by aggressive fiscal expansion and uncertainty ahead of the election on February 8. Markets were weary of Prime Minister Takaichi's Y$122.3T budget and plans to suspend food sales taxes. Investors effectively demanded a risk premium before the vote, fearing that Japan's debt-to-GDP ratio would rise further above its current ~230%.

The critical indicator to watch out for is the rising cost of servicing this debt. Total debt-servicing costs are projected to reach Y$31.3T, accounting for around one-quarter of all government spending. This includes Y$13T in interest payments alone. Consequently, for every 1% rise in rates, the government must redirect billions from sectors like education or defence to pay lenders.

Macro Insight

Director's Digest – Gold & Silver Pullback

Gold and silver have just come off one of their sharpest corrections in years. Gold, which pushed above US$5,000/oz in late January, fell several hundred dollars as crowded positioning unwound. Silver dropped even harder — down 35% intraday and closing 26% lower as profit-taking, panic selling, and leveraged futures positions reversed.

Precious metals such as gold and silver are classic hedges. Why? Because they have inherent value, unlike the dollar. So, when faith in the dollar's long term security decreases, such as in events of political risk i.e. proposed invasion of Greenland and rejection of NATO, people hedge their finances and invest in gold and silver, which are considered safer over the long term.

Of course, the issue with all capital markets is any individual investor is a small fish in a large ocean and there are sharks who can use their power to muddy the waters, set traps and wait from the shadows to ambush at the right time. This is the trend we saw with this correction – Trump muddied the waters by creating political panic; gold/silver prices soared; large investors such as JP Morgan saw this unsustainable growth, called Trump's bluff and held short positions; Trump called off his invasion threat and then Kevin Warsh (an inflation hawk with a strong reputation) was made head of the federal reserve, triggering panic sellers to sell off their precious metals while the large institutions could execute their short positions and secure massive gains.

Regardless of whether you recognised Trump's political threats as a bluff to bring NATO to the trade table, and held off any gold/silver investments, bought into the growth or took no actions, now is a great opportunity to buy gold and silver at a discount. During the Friday sell-off in the US, there was a significant gap between paper pricing on COMEX and physical pricing in Asia. Because Shanghai was already closed — and its market is more closely tied to physical demand — silver prices there held near the low-$120s per ounce while US futures briefly plunged to $83 per ounce. This divergence reflects a short-term liquidity shock rather than a change in long-term fundamentals.

Sharp corrections like this often create discomfort in the moment, but they also create the conditions long-term investors look for. The structural drivers behind gold and silver remain intact: geopolitical uncertainty, fiscal pressure, central-bank accumulation, and gold and silver's expanding industrial role in electrification and solar. What moved last week was not the long-term story, but the short-term liquidity environment.

As Warren Buffett has said, "Whether we're talking about socks or stocks, I like buying quality merchandise when it's marked down." And in Kevin O'Leary's words, "As an investor, you learn that you have to hold your nose, and when there's blood in the streets, you have to be buying…You just have to look long term and realise these are buying opportunities"

The recent dislocation between futures pricing and physical markets is exactly the kind of markdown disciplined investors look for—not a signal of deteriorating fundamentals, but a reminder that markets can overshoot in both directions.

Security Insight

$8.47 AUD

1Y
ASX: TPW
Date: 20/02/2026

-52.25%

Temple & Webster is an Australian online furniture retailer. Their stock price fell sharply after a trading update showed 17.6% year-on-year revenue growth, missing expectations.

This slowdown confirmed investors concerns of lagging profitability in a bid to compete against rivals, triggering a strong negative market reaction with the share price plunging 30-35% accompanied by a gradual downwards drift.

Revenue	600.7M	Market Cap	1.5B
D/E	21.0	Operating CF	46.0M
Current Ratio	1.5	Forward P/E	102.0
Cash	144.4M	EV/EBITDA	70.7
Profit Margin	1.9%	Beta 5Y	1.96

Spotlight Investor

Christopher Wood

Chris Wood is currently Global Head of Equity Strategy at Jefferies. He publishes his globally renowned weekly edition of GREED & fear since 1996. He joined from the Asian securities house CLSA and has consistently been cited as one of the top equity strategists among broker polls across Asia.

Below is a link to a podcast from last year to introduce him and some of his ideas in relation to a variety of Asian geographies and asset classes. (Apologies in advance for the interviewer's overly raspy voice!)

[Christopher Wood on the Money Maze Podcast]