MARRIOTT

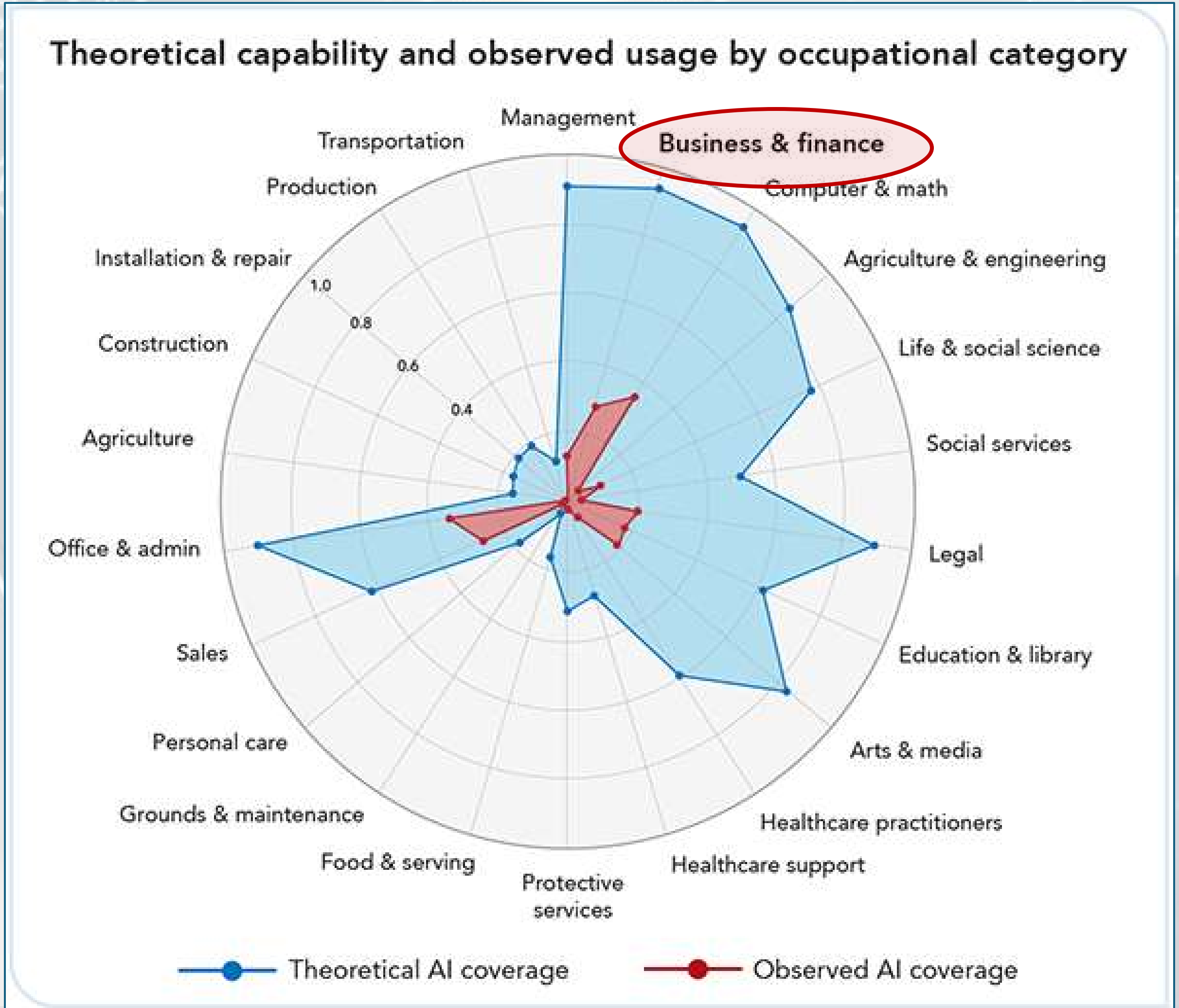
INVESTMENT MANAGERS

A MEMBER OF OLDMUTUAL INVESTMENT GROUP

Licensed Financial Services Provider

Intelligent Income

How Marriott is using AI to navigate tight markets and deliver more secure outcomes



Source: Anthropic

The Evolution of Claude

From the first release in March 2023 to Claude Fable 5 and Claude Opus 5

Mar 2023
Claude 1
First release; Constitutional AI

Jul 2023
Claude 2
First public model; bigger context

Mar 2024
Claude 3
Haiku / Sonnet / Opus tiers; vision

Jun 2024
Claude 3.5 Sonnet
Artifacts; beat prior Opus

Feb 2025
Claude 3.7 Sonnet
Extended thinking; hybrid reasoning

May 2025
Claude Opus 4
4.x gen; 1M-token beta context

Oct 2025
Claude Haiku 4.5
Fast, low-cost 4.5 generation

Feb 2026
Claude Sonnet 4.6
Peak of the Claude 4 generation

May 2026
Claude Opus 4.8
Honesty & reliability focus

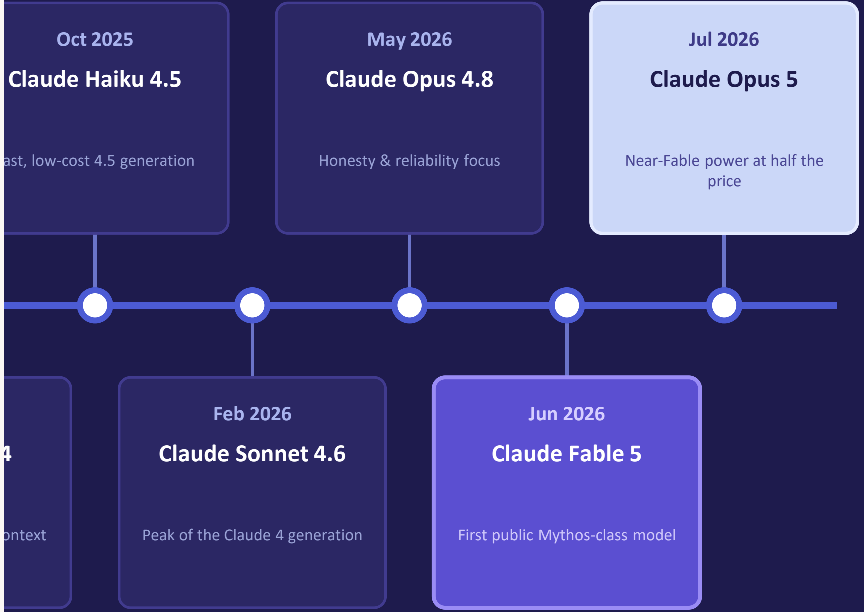
Jun 2026
Claude Fable 5
First public Mythos-class model

Jul 2026
Claude Opus 5
Near-Fable power at half the price

Mythos-class tier — Claude Mythos Preview opened to Project Glasswing partners in April 2026; Fable 5 was the first public release.

Source: Anthropic release announcements · as of August 2026

	Claude Mythos 5 / Fable 5	Claude Mythos Preview	Claude Opus 4.8	GPT 5.5	Gemini 3.1 Pro
Agentic coding SWE-Bench Pro	**80.3%**	77.8%	69.2%	58.6%	54.2%
Agentic coding FrontierCode (Diamond)	**29.3%** xhigh	—	13.4% xhigh	5.7% xhigh	—
Knowledge work GDPval-AA	**1932**	—	1890	1769	1314
Knowledge work vision GDPpdf	**29.8%** no tools	—	22.5% no tools	24.9% no tools	16.7% no tools
Spatial reasoning Blueprint-Bench 2	**38.6%**	—	14.5%	36.2%	26.5%
Tool use AutomationBench	**17.4%**	—	15.5%	12.9%	9.6%
Computer use OSWorld-Verified	85.0%	**85.4%**	83.4%	78.7%	76.2%
Legal Legal Agent Benchmark	**13.3%**	—	10.4%	2.1%	0.0%
Multidisciplinary reasoning Humanity's Last Exam	**59.0%*** no tools	56.8% no tools	49.8% no tools	41.4% no tools	44.4% no tools
	64.5%* with tools	**64.7%** with tools	57.9% with tools	52.2% with tools	51.4% with tools
Biology BioMysteryBench	**46.1%*** hard	29.6% hard	40.0% hard	—	—
	83.9%* human solved	82.6% human solved	80.4% human solved	—	—
Agentic coding Terminal-Bench 2.1	**88.0%***	—	82.7%	83.4% Codex CLI	70.7% Gemini CLI
Cybersecurity ExploitBench (CapTL)	**78.0%***	69.0%	40.0%	34.0%	—
Health HealthBench Professional	**66.0%***	64.7%	56.9%	51.8%	—



ublic release.

Source: Anthropic release announcements · as of August 2026

1. Credit Analysis
2. Interest Rate Outlook
3. South African Risk Analysis
4. Strategic Positioning

THE MARRIOTT CREDIT ANALYSIS

How credit earns its score

AI does the heavy lifting; the framework keeps it honest.

Run on two engines

ChatGPT + Claude, cross-checked to catch hallucinations

STEP 1 · KILL-FLAG SCREEN Fraud, governance failure, or a liquidity crisis stops the analysis immediately — no score is given.

STEP 2 · THE THREE GATES

GATE 1

Liquidity

Survival check

Can it survive a 12-month market freeze? Coverage below 1.0x fails.

GATE 2

Solvency

Quantitative score

Sector ratios, each with the maths and a red / amber / green verdict.

GATE 3

Break-Point

What would kill it

Stress to the breaking point, then measure the distance to it.

STEP 3 · THE QUALITATIVE VETO

Management, governance, moat & ESG

A "smoke detector" scans for warning signs — a CFO exit, an auditor change, related-party deals — and docks the score where it finds them.

STEP 4 · SCORE & RECOMMENDATION

50% Quant + 50% Qual → Final score / 10

The gatekeeper: if Quant is below 4.0 the final score is capped at 4.0 — strategy cannot fix insolvency.

8–10 Approve — Core	**6–7.9** Approve — Monitor	**4–5.9** Hold	**2–3.9** Reduce	**0–1.9** Reject

CREDIT ANALYSIS

Seven issuers. Six sectors. One discipline.

Valterra Platinum
Mining — PGMs

NATIONAL RATING

S&P zaAAA

7.6 / 10

Approve — Monitor

Sanlam
Insurance

NATIONAL RATING

S&P zaAAA

7.7 / 10

Approve — Monitor

Growthpoint
REIT / Property

NATIONAL RATING

Fitch AAA(zaf)

7.0 / 10

Approve — Monitor

Bidvest
Diversified Services

NATIONAL RATING

Moody's Aaa.za

7.25 / 10

Approve (conditions)

Standard Bank
Banking

NATIONAL RATING

Fitch AA+(zaf)

7.63 / 10

Investment Grade

Netcare (NTC48/49)
Healthcare

NATIONAL RATING

GCR AA-(ZA)

7.4 / 10

Approve — Monitor

Pepkor
Value / Discount Retail

NATIONAL RATING

Moody's Aa1.za

7.25 / 10

Invest

National-scale ratings shown — relative standing within South Africa, not global default risk. Every issuer cleared all three gates; scores reflect the internal Marriott Fortress assessment, independent of the agency rating.

GATE 1 · LIQUIDITY & REFINANCING

Bidvest — can it survive a market freeze?

GATE 1

LIQUIDITY COVERAGE = (CASH + COMMITTED FACILITIES) ÷ SHORT-TERM DEBT

R6.19bn
Cash & equivalents

+

R5.00bn
Committed facilities

R11.19bn available liquidity

R6.22bn
Short-term debt due

=

1.8x
Liquidity coverage

THE MATURITY-WALL CHECK

R6.22bn short-term + **R8.60bn** Eurobond

R14.82bn ÷ R39.09bn total debt = **38%**

Above the 20% threshold — a maturity wall is flagged for monitoring, not an automatic fail.

VERDICT: PASS

Coverage 1.8x, well above the 1.0x floor

Why this matters: Gate 1 is a survival test, not a scoring exercise. Bidvest passes — it could meet a year of obligations with no new funding — but the concentrated maturity wall is surfaced honestly and carried into the final recommendation as a condition. Operating cash flow of R14.7bn covers short-term debt 2.4x over.

Source: Bidvest FY2025 audited financial statements · Marriott Fortress Credit Process

GATE 2 · SOLVENCY & HEALTH

Growthpoint — the quantitative score

GATE 2

Metric	Value	Math		Assessment
Group LTV	**40.8%**	60,356 / 147,798		Adequate; 14pts below 55% covenant
SA LTV (incl GIP)	**34.6%**	disclosed		Strong
Group ICR	**2.7x**	NPI / net finance		Adequate; above 2.0x covenant; improving
SA ICR	**3.2x**	disclosed		Strong; up from 2.9x
FFO growth	**+16.8%**	2,491 vs 2,132		Strong
Distribution payout	**87.5%**	guided		Adequate; retains ~12.5%
Occupancy	**92.5%**	100% – 7.5% vacancy		Adequate; improving
% debt fixed (SA)	**73.6%**	disclosed		Limits interest-rate sensitivity
Cost-to-income	**44.9%**	3,471 / 7,730		Efficient

HOW THE LIGHTS ADD UP

6 Green — strong

4 Amber — adequate

0 Red — weak

QUANTITATIVE SCORE

6.5 / 10

No tripwire breached; amber on LTV, ICR and payout keeps it adequate rather than strong.

Why this matters: every ratio is shown with its maths and a red / amber / green light against a sector benchmark — nothing is asserted. The amber cluster (LTV, ICR, payout) is exactly why Growthpoint scores a defensible 6.5, not an inflated 8.

Source: Growthpoint HY26 interim results · Marriott Fortress Credit Process

GATE 3 · BREAK-POINT & FRAGILITY

Pepkor — what would it take to break it?

GATE 3

We don't apply a generic stress — we hunt for the break. How far must earnings fall before Pepkor trips a debt covenant?

Covenant	Limit	Current	Break-point
Net Debt / EBITDA	< 3.0x	**0.77x**	EBITDA would have to fall 74% (or debt rise 4×)
Interest Cover	> 3.5x	**7.28x**	EBIT would have to fall 52% to breach

AND UNDER REAL SCENARIOS

Mild – consumer slowdown	−5% rev	**ICR ~5.5x**	**No breach**
Severe – SA recession + ZAR	−15% rev	**ICR ~3.9x**	**Approaching, no breach**
Extreme – systemic collapse	−25% rev	**ICR ~2.4x**	**ICR breach possible**

THE BREAK-POINT

−52%

EBIT before the first covenant trips

Earnings would have to halve before interest cover breaches — and even a 25% revenue collapse keeps leverage under the 3.0x limit. A R63bn equity buffer absorbs the rest.

Why this matters: Gate 3 asks the question a ratings table never does — not 'is it healthy?' but 'what would actually kill it?' For Pepkor the covenant only trips if earnings roughly halve, so the honest verdict is robust. Quantifying that distance is what turns a gut feel into a defensible call.

Source: Pepkor FY2025 audited financial statements; covenant disclosure Note 30.6 · Marriott Fortress Credit Process

PUTTING IT TOGETHER · INSURANCE

Sanlam — all three gates to a recommendation

FINAL

GATE 1
Liquidity
PASS · wall flag

R11.9bn cash + short-term investments cover near-term term finance 2.0x. Front-loaded maturity flagged; asset-matched.

GATE 2
Solvency
QUANT 7.5 / 10

Group economic solvency 183%, inside the 150–190% target. Capital is 91% Tier 1; Tier 1 alone covers the SCR ~1.5×.

GATE 3
Break-Point
FORTRESS

Under a severe combined shock cover still holds at 169%. A breach needs ~4.8× that shock — implausible.

50% Quant **7.5** + 50% Qual **7.8** → Final **7.7 / 10**

Gatekeeper: Quant 7.5 is well above 4.0, so no cap applies. A fortress balance sheet backed by an S&P zaAAA rating; the one watch item is the year-on-year solvency trend, not the level.

8–10 Approve — Core	**6–7.9** Approve — Monitor	**4–5.9** Hold	**2–3.9** Reduce	**0–1.9** Reject

The point: *three gates, each shown with its own maths and verdict, combine into one defensible score and a clear action — APPROVE. Every figure is cross-checked across two AI engines before it reaches this slide.*

1. Credit Analysis - Improving our process

No Credit Concerns

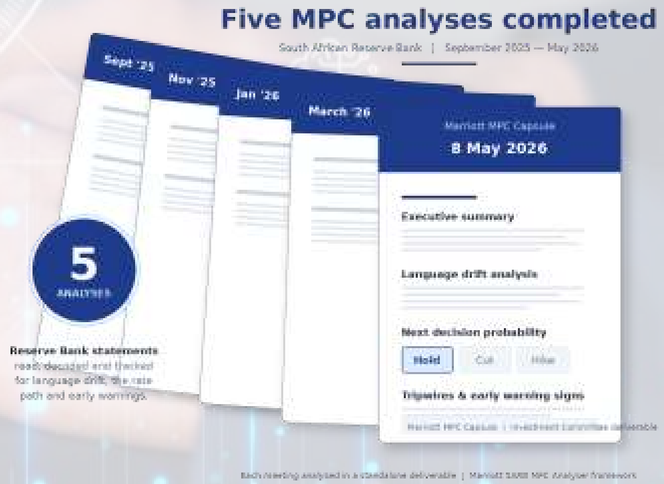
Marriott Core Income Fund Exposures to higher risk credit instruments													
Debt	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Taxi Industry Linked Debt	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
African Bank	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Land Bank	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Enable Capital	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
SOE Debt (non-Government Guaranteed)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Subordinated (jnr) Debt AT1 banks debt	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Tier 2 bank debt	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Non-investment grade credit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Instruments that defaulted (%)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**

Source: Marriott

2. Interest Rate Outlook

WHAT THE ANALYSIS DOES

- Reads the last three Reserve Bank statements
- Tracks how the Bank's language is changing
- Identifies where rates are headed next
- Estimates the odds of the next decision
- Flags the early warning signs to watch



The big picture

South Africa's interest-rate cycle has turned — July was a hawkish hold.

On 23 July 2026, the SARB held at 7.00%, but the vote split was 4–2 with two members favouring another 0.25% hike.

HOW WE GOT HERE

Four meetings, four different tones

29 JAN 2026 — COMFORTABLE
HOLD at 6.75%
Vote: 4–2 (2 wanted a CUT)
Inflation low; gradual cuts still in model

26 MAR 2026 — CONCERNED
HOLD at 6.75%
Vote: 6–0 (unanimous)
Middle East shock; cuts postponed

28 MAY 2026 — DEFENSIVE
HIKE to 7.00%
Vote: 4–2 (2 wanted a HOLD)
Timeous action against second-round risk

23 JUL 2026 — HAWKISH HOLD
HOLD at 7.00%
Vote: 4–2 (2 wanted a HIKE)
Policy pause, but hike risk remains live

KEY TAKEAWAYS

1 Easing is not the live debate

Near-term cuts are off the table. The question is whether 7.00% is restrictive enough to prevent second-round effects.

2 July bought time — not comfort

Lower oil assumptions softened the forecast, but inflation is still too high and expectations have risen.

3 Second-round effects are the issue

The Bank is watching wages, pricing power, core, services and underlying inflation — not just fuel.

4 Hold is base case; hike risk remains

The July vote was 4–2 to hold, with two members favouring another 25bp hike. September remains data-dependent.

SARB RATES VIEW

What happens next

NEXT MEETING — 23 SEPTEMBER 2026

Probability of each outcome

Rate CUT *(0.25% lower)*	5%
Rate HOLD *(no change)*	60%
Rate HIKE *(0.25% higher)*	33%
Larger HIKE *(0.50% higher)*	2%

12-MONTH OUTLOOK

Where rates are likely to be

CENTRAL CASE

7.00%

Policy held at 7.00% in July. Base case is a restrictive pause, with one more hike only if second-round effects deepen. Cuts remain unlikely in the near term.

REASONABLE RANGE

If inflation eases

6.75%

One cut over the next 12 months (lower probability)

If shocks deepen

7.25%

One more 0.25% hike if expectations / core inflation worsen

WATCH THIS

Inflation expectations, core inflation and the next CPI prints are the biggest signals ahead of the September meeting. If second-round effects broaden, a further hike becomes live.

CYCLE SIGNAL: *Hawkish hold. The Bank has paused at 7%, but the live debate remains HOLD versus one more HIKE — not cuts.*

The risk that moves SA most right now is still external — and it just got worse: Iran / oil.

SIGNAL

ELEVATED

Direction DETERIORATING · Expected 12m +18.2 bps
Tail (D+E) ~44 bps @ ND 2.29

#1 · DOMINANT RISK

Iran / Oil / Hormuz

The ceasefire broke on ~7 July. This is the one shock that transmits straight into SA bond yields.

Oil · Fuel · CPI · B/Evens · SARB · **Yields**

Brent

~$88/bbl, up ~22% from $72.4 on 7 July. Hormuz effectively closed.

Why it dominates

Direct line into fuel → CPI → SARB → yields. Weight 3 of 3, and the only driver we mark deteriorating.

Tail cost

Up to +240 bps on the 10Y in the severe scenario — a 4.35% drawdown at ND 2.29

READ THIS FIRST

The 10Y sold off **+39 bps to 8.73%** — but only ~14 bps is South Africa. ~25 bps is global/UST beta.

ACTIVE NOW *— the channels keeping the signal Elevated*

2 **The inflation / SARB channel is live again**

June CPI **5.0%** — a two-year high, above the ~4.7% consensus. SARB held at **7.00%** on 23 July but the vote was **4–2**, with two members preferring +25 bp. A September hike is live.

3 **Breakevens now sit above the target ceiling**

5Y **4.14%** · 10Y **4.47%** · 20Y **5.03%** — all above the 4.0% upper tolerance of the new 3% ±1% framework. A credibility gap, not just a level.

OFFSETS *— real support, but it doesn't remove the signal*

4 **Section 301 landed benign — the tripwire did not fire**

A **generic 12.5%** duty from 24 July across 60 economies, not the SA-specific 20–30% action. PGMs, precious metals, citrus and aircraft parts are exempt.

5 **Ratings momentum and the fiscal anchor are holding**

Fitch upgraded to **BB** on 5 June — its first SA upgrade in ~21 years. Moody's Ba2 positive, S&P BB positive. Debt stabilising near 78.9% of GDP.

ON THE RADAR *— dated binaries, nearest first*

Iran MOU **~14 Aug** · SARB **Sept** · Q2 QLFS mid-Aug · Phala Phala **2–4 Sep** · MTBPS Oct/Nov · LGE **4 Nov** · AGOA expiry **31 Dec** · Appropriation Bill assent unconfirmed

Scenario Matrix — Iran / Oil / SARB Channel

Five scenarios from durable resolution to combined regime breach. Probabilities sum to 100%. Yield, FX and CDS ranges anchored to the Section 3 historical base rates (Nenegate, COVID, GNU formation). Gold row = BASE.

TAIL COST (D + E)

41.5 / 44.2 bps

at ND 2.15 / 2.29 · was 27.4 / 29.4 in v9.1
Expected 12m: +18.2 bps (was −2.5 bps)

	SCENARIO	PROB	Δ VS V9.1	10Y BPS	10Y RANGE	USDZAR	CDS	CONF
A	**Durable Iran deal + disinflation resumes** *Hormuz reopens, Brent $65–80; fuel cuts pull CPI back inside the band; SARB skips September and resumes easing.*	**18%**	**−19 pp**	−75 to −40	7.98–8.33%	15.60–16.10	−30 to −60	M
B	**Shaky truce, priced policy path (BASE)** *Brent $80–95, Hormuz intermittently disrupted; CPI ~4.5–5%; SARB on hold at 7.00% through 2026; GNU fragile.*	**40%**	**+4 pp**	−15 to +15	8.58–8.88%	16.10–16.80	−10 to +10	M-H
C	**Protracted disruption + one SARB hike** *Brent $95–110; second-round fuel, food and transport pass-through; SARB delivers +25 bp to 7.25%.*	**25%**	**+10 pp**	+15 to +55	8.88–9.28%	16.80–17.70	+30 to +60	M
D	**Escalation / hawkish surprise** *Hormuz hard-closed; Brent above $110; SARB forced to +50 bp or more; expectations de-anchor; outflows accelerate.*	**13%**	**+4 pp**	+60 to +130	9.33–10.03%	17.90–19.50	+80 to +150	M
E	**Combined regime breach** *GNU rupture plus oil/ZAR shock plus fiscal slippage plus AGOA loss or ratings reversal, together. Worse than Nenegate.*	**4%**	**+1 pp**	+150 to +240	10.23–11.13%	19.50–22.80	+150 to +300	L-M

Confidence: H high · M medium · L low. Ranges are INFERENCE; levels are FACT. Transmission: oil → fuel → CPI → breakevens → SARB → SAGB yields → duration P&L. CDS impacts mirror the 10Y directionally and are not additive for portfolio calculations. 10Y ranges are absolute yields derived from the 8.73% spot (R209). Probability shifts vs v9.1 are evidence-based; the −19 pp move on A is justified by primary-source corroboration (Stats SA CPI 5.0%; ceasefire collapse) per the >10 pp rule. Tail cost change of +14.1 bps splits ~+1.3 bps mechanical (ND 2.05→2.15) and ~+12.8 bps analytical.

Critically Investment Professionals make all decisions while using AI as a partner and a sounding board.

South African Government Bond Yield (10yr)

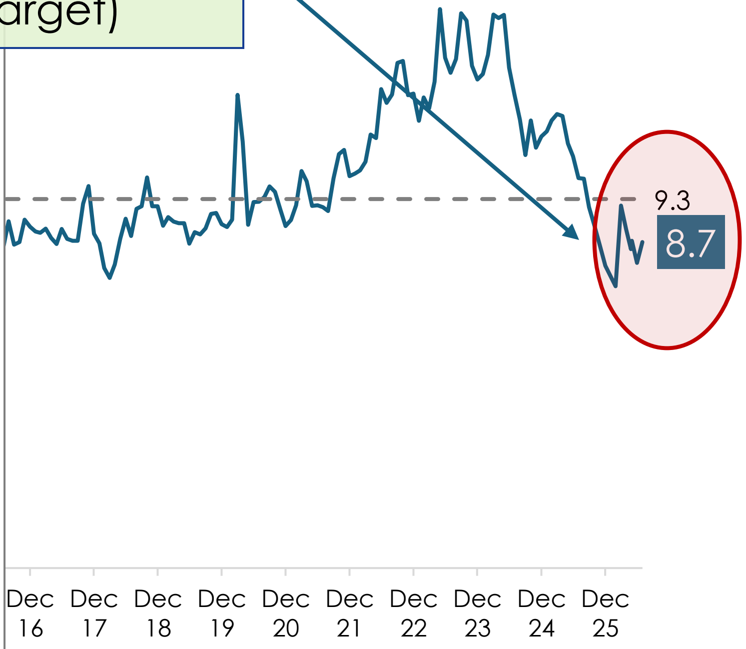
South Africa officially has a new inflation target

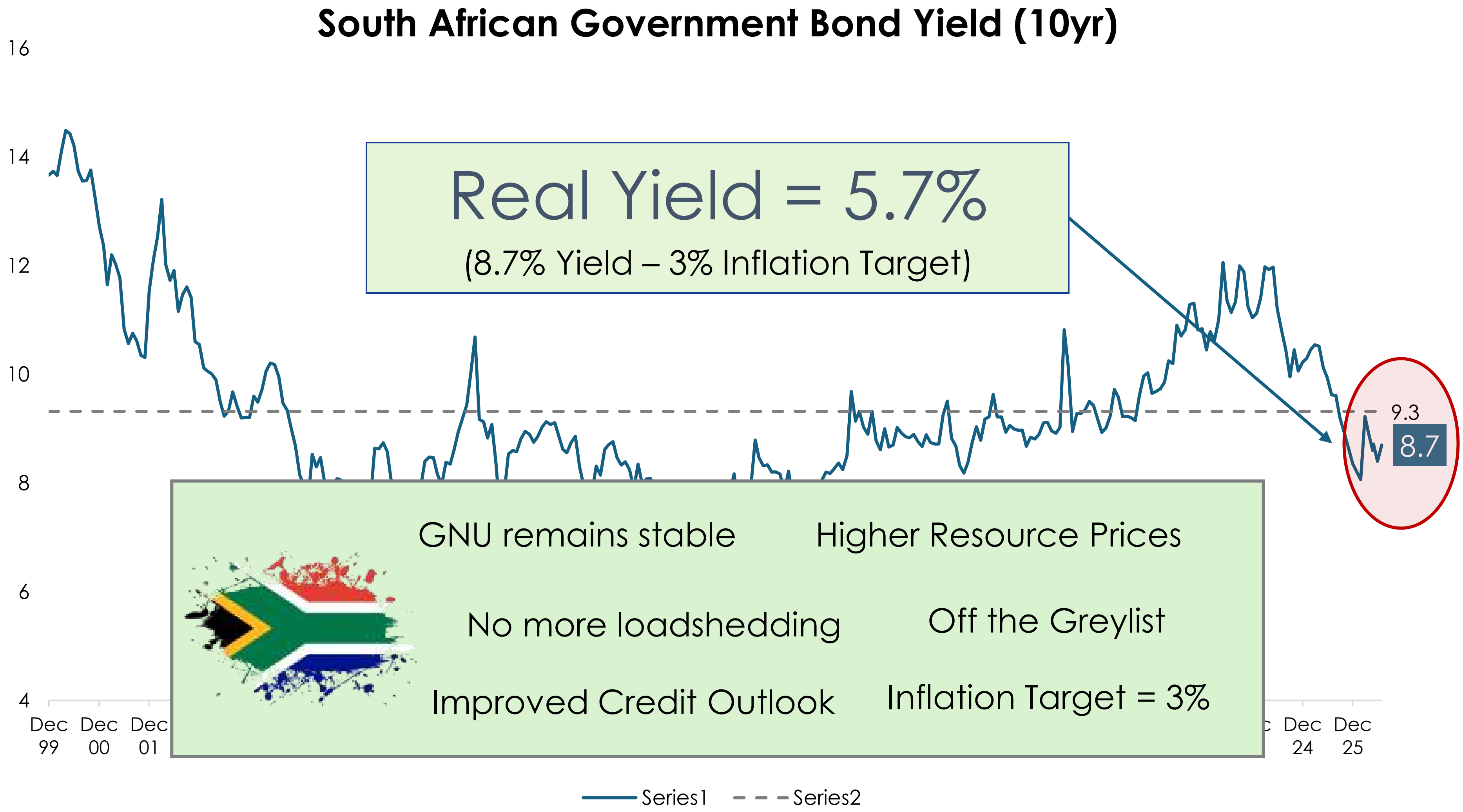
BUSINESSTECH

Real Yield = 5.7%

(8.7% Yield – 3% Inflation Target)

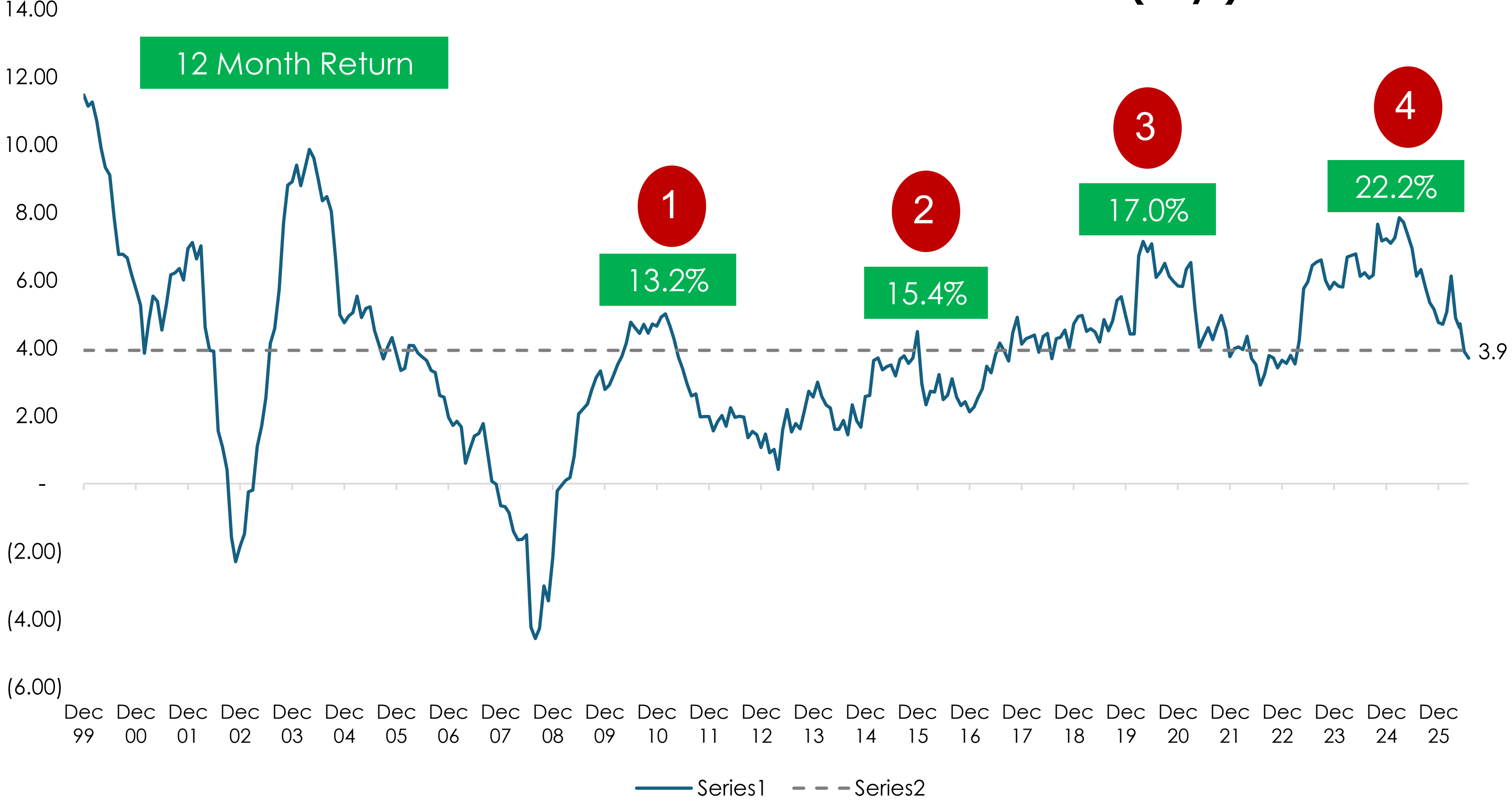
South Africa will have an official new inflation target of 3% following repeated calls from the South African Reserve Bank (SARB).





South African Government Bond Yield (10yr)
16
14
12
10
8
6
4
Real Yield = 5.7%
(8.7% Yield – 3% Inflation Target)
9.3
8.7
GNU remains stable
Higher Resource Prices
No more loadshedding
Off the Greylist
Improved Credit Outlook
Inflation Target = 3%
Dec 99
Dec 00
Dec 01
Dec 24
Dec 25
Series1
Series2

South African Government Bond Real Yield (10yr)



OECD ECONOMIC OUTLOOK 2026

Global economic outlook weakens amid energy shock and rising inflationary pressures

The evolving conflict in the Middle East has become the dominant force shaping global economic prospects, prompting an energy shock that is driving inflationary pressures and is projected to have adverse impacts on growth.

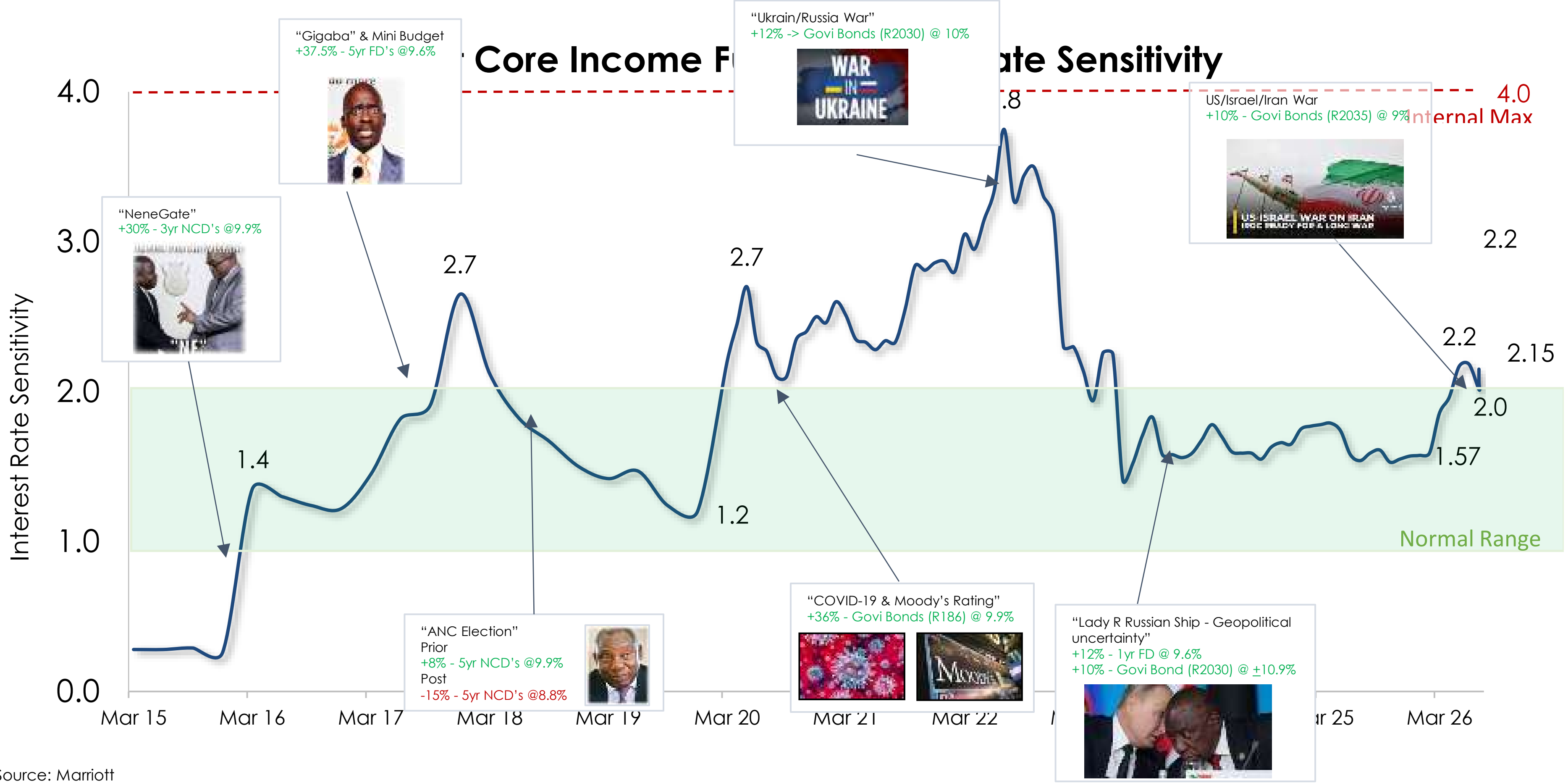
Explore the digital report

Slower growth will ultimately mean lower interest rates

Report • 3 June 2026

South African Government Bond Real Yield (10yr)

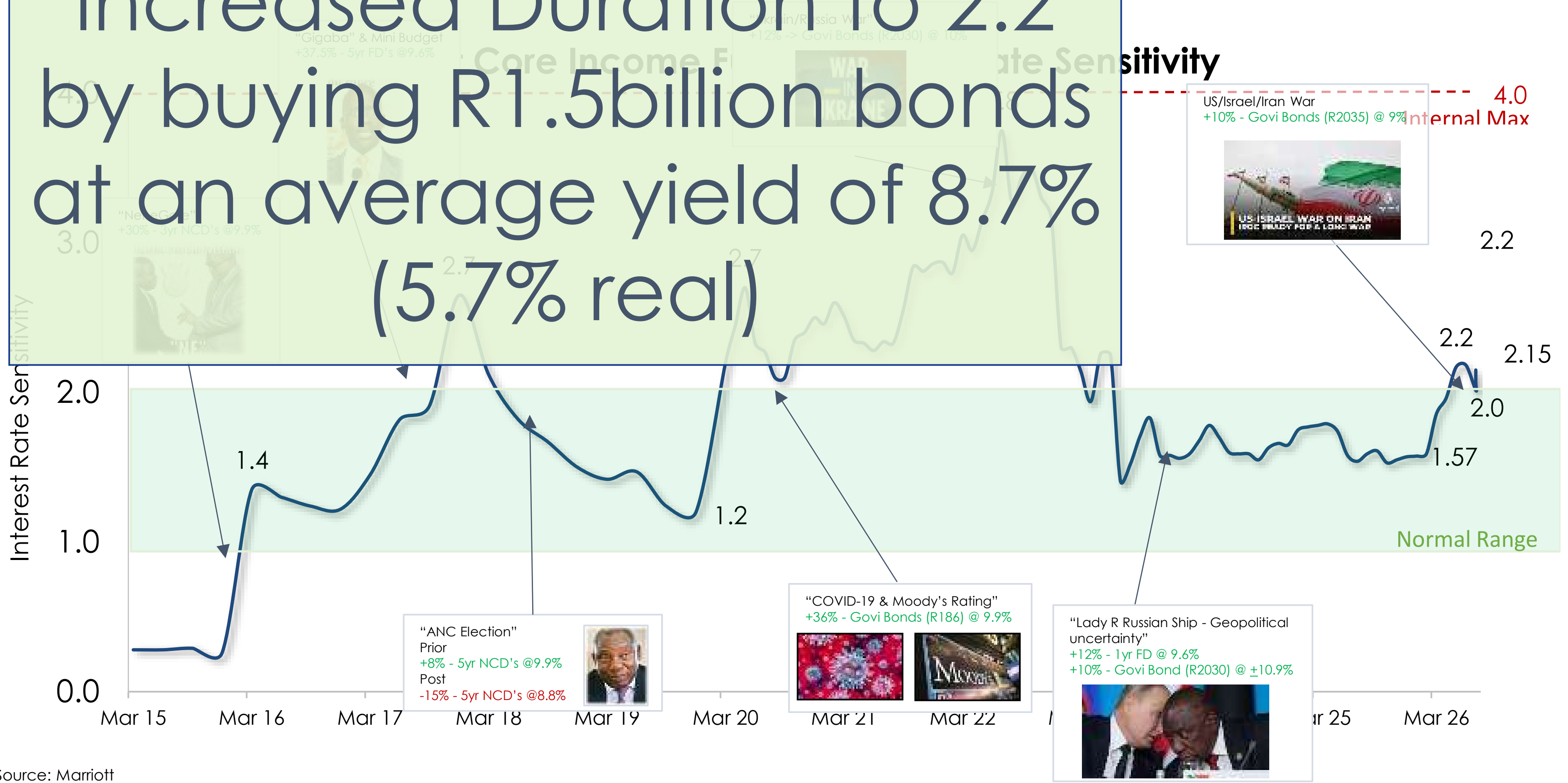
Active Duration Management



Source: Marriott

Active Duration Management

Increased Duration to 2.2 by buying R1.5billion bonds at an average yield of 8.7% (5.7% real)



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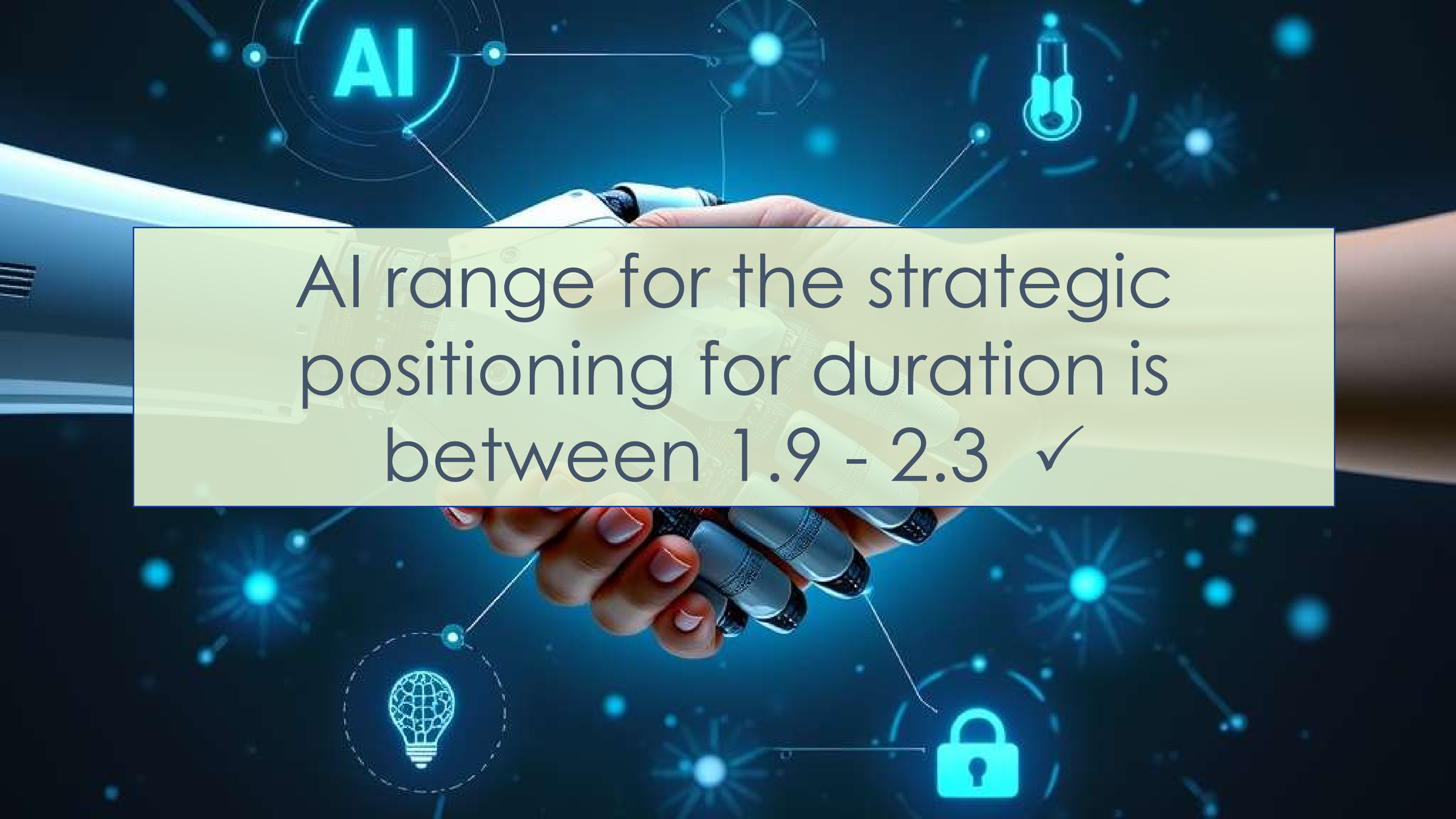

AI range for the strategic positioning for duration is between 1.9 - 2.3 ✓

Marriott Core Income Funds

Annualised Total Return (30 June 2026)

Instruments	1yr	3yrs	5yrs	7 yrs	10 yrs
Marriott Core Income Fund Class C	11.4%	11.5%	9.4%	9.0%	9.0%
SA Multi Asset Income Sector Average	10.9%	10.6%	8.9%	8.2%	8.0%
SA Interest Bearing Money Market Sector Average	7.4%	8.1%	6.8%	6.5%	6.8%
Inflation (CPI)	4.5%	4.2%	5.1%	4.7%	4.7%

Source: Profile Data,

Thank You

MARRIOTT

INCOME SPECIALISTS