



ORB quarterly review

March 2006 | Issue No 10

ORB TECHNOLOGY LIMITED

Performance



The Net Asset Value (NAV) per share rose from \$0.949 to \$0.988 over the quarter to 31 March 2006, an increase of 4.1%. The fund benefited from a positive backdrop in technology company share prices and a positive contribution from active management. Over the period since inception in October 2003, the fund has produced an investment return of 1.6% p.a. compared with the NASDAQ Composite (in Australian dollar terms) that has risen 7.0% p.a. over the same period.

The Investment Manager has generally adopted a cautious approach, since the Fund's launch in October 2003, limiting the net sharemarket exposure of the Fund to the overall rise and fall of sharemarkets. During the quarter a higher net sharemarket exposure was adopted within the risk limits set for the fund. This approach is expected to be maintained in the coming quarter.

The guarantee for investors on maturity on 26 September 2011 is presently \$1.00, this guaranteed amount may rise in the future, but will not fall. The final future value of the Fund will be the total of the guaranteed amount of at least \$1.00, and the Margin Account at maturity, which is presently valued at \$0.23 per share. The value of the Margin Account will vary over time depending on investment performance and expenses.

TechInvest Outlook

The Investment Manager continues to believe that the knowledge industries of health care, information technology and telecommunications provide an outstanding source of investment opportunity over the life of Orb Technology. As foreshadowed in last

quarter's report, the Investment Manager is seeing some encouraging signs across a range of technology industries and continues to gain confidence in the prospects for these industries. The Investment Manager expects to maintain the higher net exposure to sharemarkets adopted last quarter.

The Investment Manager is holding a diversified portfolio of target companies that it expects to outperform market expectations and is relying on a smaller diversified portfolio of short sales to protect the NAV from possible adverse market movements, as well as to seek additional returns from companies that the manager believes have poor prospects compared with market expectations.

NAV history

Date	NAV/Share (A\$)
31 March 2006	0.988
31 December 2005	0.949
30 September 2005	0.976
30 June 2005	0.992
31 March 2005	0.969
31 December 2004	0.967
30 September 2004	0.953
30 June 2004	1.002
31 March 2004	0.969
31 December 2003	0.925
15 October 2003	0.950

The key factors impacting the NAV of Orb Technology during the quarter are summarised in the following table and are explained in the paragraphs that follow:

	Movement	Impact on NAV
Sharemarket	↑	+
Australian dollar/US dollar	↓	+
Active management of shares, currency and interest rates	N/A	+
Long Term Interest Rates	↑	+

The Share price of Orb Technology Limited is published at the end of every month on our website, www.cgil.com.au.

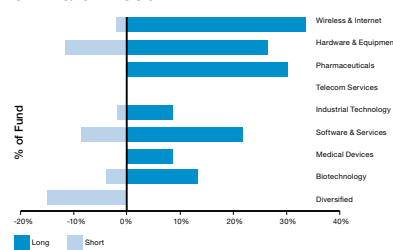
Equity investment

The Investment Manager of Orb Technology, TechInvest, commenced the investment strategy in sharemarkets on 20 October 2003. Since that time the technology-oriented NASDAQ Composite (in Australian dollar terms) has gained 7.0% p.a. The market risk of the portfolio has been managed by establishing market exposure towards the maximum equity portfolio with investments, partially offset by a diversified portfolio of short sales. Share exposure for the fund has been selected from the following sectors: Hardware & Equipment, Software & Services, Wireless & Internet, Telecom Services, Pharmaceuticals, Medical Devices, Biotechnology & Industrial Technology.

As at 31 March 2006, the portfolio was tilted towards Wireless & Internet and Pharmaceuticals with moderate weightings to Hardware & Equipment and Software & Services and lower weightings in Medical Devices, Biotechnology and Industrial Technology. Short positions, including by way of index securities, were used to reduce exposure in most industry groups, although less so than in previous quarters.

The maximum equity portfolio available to the Investment Manager has been in the range of 54.2% to 62.4% of NAV during the quarter.

Orb Technology Sector exposure as at 31 March 2006



Currency management

The Australian dollar fell by 3.7% over the March quarter. This currency movement caused an increase in the value of offshore investments in the Margin Account. There was a partial currency hedge in place during the quarter to protect the fund against future increases in the Australian dollar, the effect of the hedge reduced some of the gains that resulted from the fall in the Australian dollar. The balance of Orb Technology is held in an Australian dollar denominated Fixed Deposit Account which was unaffected by the movement in currency. In aggregate, Orb Technology is exposed to movements in the US dollar to the extent of the size of the US dollar Margin Account, which at 31 March 2006 was 23% of Orb Technology.

Fixed deposit investment

Long-term interest rates rose slightly over the March quarter 2006. As a result, the present value of the Fixed Deposit Account increased marginally in value. While changes in market interest rates will impact the current value of the fixed deposit both positively and negatively over the eight-year life of Orb Technology, the Fixed Deposit Account will accrue to a future value that supports the guarantee and rising guarantee. No interest rate hedge was in place during the March quarter.

Technology highlights

There continues to be exciting changes in the technology industries covered by the Fund. TechInvest provides a summary of these highlights in a monthly digest that is available on our website at www.cgil.com.au.

ORB INTERNATIONAL ENHANCED INCOME (YIELDS) and (YIELDS2)

Income Plus Trading Strategy



The Income Plus Strategy is based on Citigroup's proprietary trading model that seeks to offer a high level of income and potential for capital appreciation through exposure to global equity markets. Each year, the Strategy selects a portfolio of 30 high yielding stocks from the Dow Jones Global Titans 50 SM (DJGT) index. Further yield enhancement is achieved by writing quarterly covered call options on each of the stocks within the Strategy. The call option overwriting is intended to help the Strategy outperform a direct investment in the underlying portfolio of stocks in all but strong bull market scenarios.

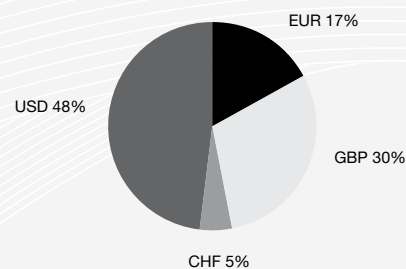
Both the YIELDS and YIELDS2 Investments have exposure to the Income Plus Trading Strategy whilst at the same time guaranteeing the capital value of \$10 if held to their respective maturities.

For the quarter ending 31 March 2006, the Strategy Total Return in Australian Dollars was +8.21%. This compares with +6.21% for the AUD Price return of the Dow Jones Global Titans Index. During January the Income Plus Trading Strategy (IPTS) distributed income of 1.63%.

The Energy Sector (12% of assets invested) positively impacted performance over the quarter as did Telecommunications (20% of assets invested) and Healthcare (17% of assets invested). The Industrial sector (2% of assets invested) negatively affected performance.

The Australian Dollar was weaker over the period. Against the USD it was 2.5% lower over the quarter, 4.6% lower against EUR and 3.28% lower against GBP.

Currency Distribution



Top Ten Holdings

Company	Sector	Currency	Country
Altria Group.	Consumer Noncyclical	USD	US
Barclays	Financial	GBP	UK
HBOS	Financial	GBP	UK
HSBC Holdings	Financial	GBP	UK
ING Groep	Financial	EUR	NL
Merck & Co	Healthcare	USD	US
Royal Bank of Scotland	Financial	GBP	UK
Royal Dutch Shell	Energy	EUR	UK
SBC Communications	Telecommunications	USD	US
Verizon Communications	Telecommunications	USD	US

YIELDS

As at 31 March 2006, the value of YIELDS as traded on the Australian Stock Exchange was up 4.7% for the quarter. The Fair Market Value was up 3.65%. This is largely attributable to the strengthening portfolio value in AUD over the quarter. The allocation to the IPTS remained steady over the quarter at 58%. The Gap Measure stood at 23% as at 31 March 2006.

A distribution of 9.60 cents per YIELDS occurred over the quarter. This payment saw YIELDS trade on an ex-distribution basis on 13 January 2006 and a distribution was paid to holders on 16 February 2006.

Factors impacting the performance of YIELDS:

Appreciation of the AUD v USD since commencement. This has impacted both the value of the dynamic portfolio and the recent distribution. The AUD/USD rate has risen from 0.7013 cents on 30 July 2004 (Issue date) to 0.7163 cents as at 31 March 2006. Over the quarter however the AUD/USD has depreciated from 0.7344 to 0.7163.

Allocation to the Income Plus Trading Strategy. YIELDS has a current allocation of 58% to the IPTS. Two de-leverage events have occurred since issue.

Historically Low Option Volatilities. With global option volatilities currently at low levels, the ability for the IPTS to generate 12% has been adversely impacted.

YIELDS2

YIELDS2 was issued on 6 December 2004 and also invests in the IPTS.

During the 3 months ending 31 March 2006, the value of YIELDS2 as traded on the Australian Stock Exchange was up 6.65%. The Fair Market Value was up 4.66%. The allocation to the IPTS rose to 96.5% from 76% on 22 March 2006 and the Gap Measure stood at 20% as at 31 March 2006.

A distribution of 13.10 cents per YIELDS2 occurred over the quarter. This payment saw YIELDS2 trade on an ex-distribution basis on 13 January 2006 and a distribution was paid to holders on 16 February 2006.

Factors impacting the performance of YIELDS2:

Historically Low Option Volatilities. With global option volatilities currently at low levels, the ability for the IPTS to generate 12% has been impacted.

Depreciation of the AUD v USD since commencement and over the quarter. This has impacted both the value of the dynamic portfolio and the recent distribution. The AUD/USD rate has fallen from 0.7729 cents on 6 December 2004 (issue date) to 0.7163 cents as at 31 March 2006. Over the quarter however the AUD/USD has depreciated from 0.7344 to 0.7163.

Allocation to the Income Plus Trading Strategy. YIELDS2 has a current allocation of 96.5% to the IPTS. A re-leverage event occurred 22 March 2006 where it rose from 76%.

CREDIT SUISSE ORB INVESTMENT TRADED SECURITIES ("ORBITS")

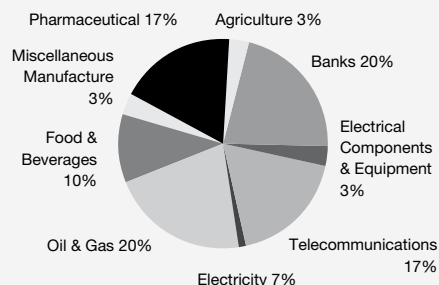


ORBITS have been designed to give a return modelled on a buy-write strategy. The structure provides capped returns (similar to purchasing shares and then selling call options in a buy-write strategy) and minimum coupons (similar to the premium received from selling call options, plus dividends received in a buy-write strategy). The overall strategy provides a capital guaranteed structure with 100% participation in each underlying security in the relevant Reference Portfolio up to the relevant cap level each quarter.

Reference Portfolio

The Reference Portfolio for International Income ORBITS and International Growth ORBITS contains 30 Reference Securities selected from the 100 largest entities globally by market capitalisation.

Reference Portfolio by Industry Sector



For the quarter ending March 2006, the performances of both International Income ORBITS and International Growth ORBITS in terms of the coupon accrual were both positive.

International Income ORBITS

The quarterly accrued Coupon in relation to International Income ORBITS (ORBSC1) for the quarter ending March is 2.00%. The accrued Coupon for the first two quarters is 1.37%. This is an accrued coupon and is not payable to investors – coupons are paid annually in accordance with the Combined Product Disclosure Statement.

The last transaction price for the quarter ending March 2006 was AUD 0.94.

International Growth ORBITS

The accrued Bonus Coupon in relation to International Growth ORBITS (ORBSC3) for the quarter ending March is 2.80%. The accrued Coupon for the first two quarters is 3.03%. This is an accrued coupon and is not payable to investors – the Bonus Coupon is paid on expiry.

The last transaction price for the quarter ending March 2006 was AUD 0.95.

(1) Return figures are calculated as a % change over the period, include income distributed by the Strategy and assume no reinvestment over life. (N.B. The % coupon paid on the Note is not the same as the % income distributed by the Strategy as the coupon is among other things a function of the allocation to the Strategy). Yield is based on value of Strategy as of beginning of period. (2) Percentage change of each currency holdings within Strategy versus AUD over the past month, using currency weightings as of end of month. (3) Breakdown as of beginning of month using live weights and prevailing exchange rates and showing the exposure of the Strategy holding to the currencies listed. (4) Top ten holdings shown alphabetically as of last rebalancing (5) Price performance showing sector returns as measured in the stocks' respective local currencies over the past month, using live weights as of beginning of month. (6) Breakdown as of beginning of month using live weights reflecting the relative value of each stock/sector as of that time in percentage of the value of the total Strategy holding.

(i) Bid Price is the ASX market bid price of YIELDS (ASX code: YLDSO1) as at the respective month end. This price reflects the highest market bid in the security as at the close of trading. In the event of no higher bids this price may represent Citigroup's market bid price for YIELDS. On the Issue Date the initial value of YIELDS was AUD 9.64 per unit. (ii) Price return and total return since Issue Date are calculated as a % change in price versus the YIELDS Value at the beginning of the reference period net of any upfront fee and other ongoing fees. Total return figures include distribution paid and assume no reinvestment over life. (iii) YIELDS Distribution % is calculated as the total distribution declared per unit during the period as a % of the value of YIELDS at the beginning of the period. % figures are not annualised. (iv) This is the AUD amount collected to date per YIELDS unit for the next quarterly distribution. This amount is an estimate as of month end, based on available information at the time and assumes the current allocation remaining constant. It is for indication only and may be subject to change. (v) Strategy and BP monthly change are estimates and are calculated using beginning and end of month Citigroup bid prices and allocations to the Strategy. (vi) The Dynamic Portfolio Reference level is the indicative value of the Net Portfolio Unit NAV as at the respective month end and has been derived from proprietary models that take into consideration estimates about relevant present and future market conditions as well as the size and liquidity of the position and any related actual or potential hedging transactions. It is for indicative purposes only and subject to change. (vii) If the Gap measure rises above 25%, an "up-leverage" event will occur; a fall of the Gap measure below 15% would lead to a "de-leverage" event. MoM means month on month change. Figures are calculated using month end data. Charts are based on month end data. Source: Bloomberg (DJGT Index and exchange rates) and Citigroup Global Markets Limited.

Disclaimers


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Orb summary as at 31 March 2006

ORB Technology Limited

Net Asset Value	A\$0.988	Investment Manager	Guarantor
Capital Guarantee	A\$1.00		
Issue Date	October 2003		
Maturity Date	September 2011		

ORB International Enhanced Income (YIELDS)

Closing price (ASX)	A\$9.33	Issuer	Guarantor
Capital Guarantee	A\$10.00	 Citigroup Global Markets Australia Pty Ltd.	 Citigroup Global Markets Holdings Inc.
Issue Date	30 July 2004		
Maturity Date	22 July 2010		

ORB International Enhanced Income (YIELDS2)

Closing price (ASX)	A\$9.95	Issuer	Guarantor
Capital Guarantee	A\$10.00	 Citigroup Global Markets Australia Pty Ltd.	 Citigroup Global Markets Holdings Inc.
Issue Date	6 December 2004		
Maturity Date	6 December 2010		

International Income ORBITS

Closing price (ASX)	A\$1.00	Issuer	Guarantor
Capital Guarantee	A\$1.00	 Credit Suisse, Sydney Branch	 Credit Suisse
Issue Date	21 September 2005		
Expire Date	21 September 2011		

International Growth ORBITS

Closing price (ASX)	A\$1.00	Issuer	Guarantor
Capital Guarantee	A\$1.00	 Credit Suisse, Sydney Branch	 Credit Suisse
Issue Date	21 September 2005		
Maturity Date	21 September 2011		

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