

## Orb Technology Limited



### Performance

The Net Asset Value (NAV) per share of Orb Technology Limited rose from \$0.925 to \$0.970 over the quarter to March 2004, an increase of 4.9%. This improvement in the NAV was against the background of a decline in the NASDAQ Composite in Australian dollar (\$) terms over the quarter of 1.75%. The guarantee for investors on maturity on 26 September 2011 is \$A1.00.

Date	NAV/Share (\$A)
31 March 2004	0.970
29 February 2004	0.946
31 January 2004	0.928
31 December 2003	0.925
30 November 2003	0.914
31 October 2003	0.923
15 October 2003	0.950

The key factors impacting the NAV of Orb Technology during the quarter are summarised in the following table:

	Movement in Quarter	Impact on NAV
Sharemarket	↓	-
Australian dollar/ US dollar	↑	-
Active management of shares & currency	N/A	+
Long term interest rates	↓	+

The Share price of Orb Technology Limited is published in the first week of every month on our website, [www.cgil.com.au](http://www.cgil.com.au)

## Equity investment

The investment manager of Orb Technology, TechInvest, commenced the investment strategy in equity markets on 20 October 2003. Equity exposure for the fund has been selected from the following sectors: Biotechnology, Environmental Technology, Industrial Technology, Medical Devices, Network Services, Pharmaceutical, Software and Services and Technology Hardware and Equipment. As at 31 March 2004, the portfolio was weighted towards Software and Services and Network Services with low weightings in Biotechnology and Hardware and Equipment. The maximum equity portfolio available to the investment manager has been in the range of 85% to 92% of NAV during the quarter. Market risk was managed by including a number of offsetting short equity positions. The top three investments as at 31 March 2004 were Au Optronics Corp (Taiwanese flat panel display manufacturer), L-3 Communications Holdings (supplier of advanced communication systems) and Career Education Corporation (e-learning provider).

## Currency management

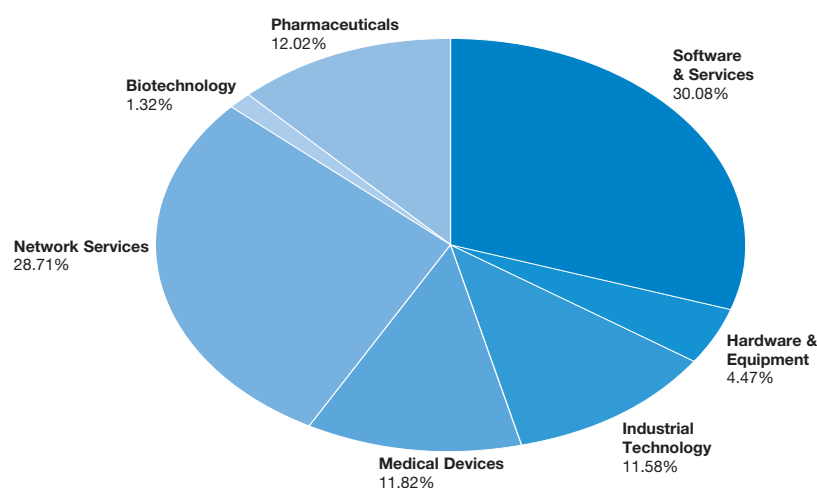
Since the commencement of the equity

investment strategy on 20 October 2003, the NASDAQ Composite has fallen 6.1% in Australian dollar terms; a rise in the NASDAQ Composite in United States (US) dollar terms of 4.3% offset by a rise in the Australian dollar vs the US dollar of 10.0%. Early in the March quarter, the investment manager for Orb Technology removed half of the hedging of US dollar denominated assets into Australian dollars that had been in place since late October 2003. The Margin Account, which is held in US dollars, was thus half exposed to Australian dollars and half US dollars. Currency hedging has helped to protect Orb Technology from the rise of the Australian dollar relative to the US dollar.

## Fixed deposit investment

Long term interest rates declined over the March quarter increasing the present value of the fixed deposit. While changes in market interest rates will impact the current value of the 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. Orb Technology may also choose to hedge the interest rate risk from time to time.

Orb Technology Sector exposure as at 31 March 2004



## Outlook

Sharemarkets will be looking to earnings to confirm the improvement in share prices over the past year. Any disappointments are likely to be treated harshly. Strong employment growth in the US suggests a continuation of the upswing, although any rise in interest rates is likely to put a cap on growth. The investment manager sees the best opportunities in Software and Services and in Network Services and remains cautious about the prospects for Hardware and Equipment which appear to have fully priced in the recovery.

## Technology trends

Paul Davis, CIO of TechInvest, Fund Manager of Orb Technology Limited, recently returned from CeBIT, the world's largest technology industry exhibition. Over 6400 companies display current and future technology developments with participants from US, China, Taiwan and South Korea as well as all the major European Union players. Paul describes his visit below -

"I attend CeBIT to detect and track major trends and to get first-hand insight into companies' strategies and competitive position. Products are often exhibited here 12 to 18 months ahead of their commercial release and there is also a selection of research programmes which identify trends further out. It's also a very efficient way to gather information directly from suppliers, competitors and customers of companies we're interested in investing in.

This year was one of incremental progress and recovery in many sectors. Mobile handsets are becoming smarter about handling email and diaries and including 2Mbit Cameras and GPS navigation without any size penalty. Flat screens are larger and cheaper with LCD set to overtake plasma for high-end television. In telecoms, the action is at the network edges; higher bandwidth UMTS for mobiles, Bluetooth for devices at the desktop and gigabit Ethernet for business broadband. In software, strong areas are online and at the enterprise level. Linux is now everywhere from the handset to mainframes and making inroads on desktops. The enterprise software focus is on integration, document handling and workflow with storage and security strong areas in both hardware and software.

Further into the future, I saw many 3D flat screens, some 3D scanning and printing and heard amazing 3D sound. Mobile devices can now hold 4Gb and DVD's and CD's will likely disappear in favour of chip, disk and online storage. Autonomous robots are starting to show up in research and entertainment but nothing commercial."

TechInvest's role as Investment Manager for Orb Technology is supported by the valuable qualitative input that Paul's visits to events like CeBIT provide for the stock selection process of Orb Technology Limited.

## How to contact Orb

**Australia investors  
please call toll free**

1800 667 672

**New Zealand investors  
please call toll free**

0800 550 152

**Financial Advisers in Australia  
please call toll free**

1800 667 671

**Financial Advisers in New Zealand  
please call toll free**

0800 550 151

### Email

enquiry@cgil.com.au

### Website

www.cgil.com.au



CAPITAL GUARANTEED  
INVESTMENTS LIMITED

### Capital Guaranteed Investments Limited

Level 10, 4 O'Connell Street,  
Sydney NSW 2000.

GPO Box 4569, Sydney NSW 2001.

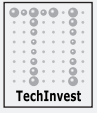

Telephone (02) 9236 5777

Australian Financial Services Licence 226 842

Capital Guaranteed Investments Limited ('CGIL') prepares and issues the Orb Quarterly Review in conjunction with the specific product's investment manager. Investors should seek independent advice from their financial adviser in assessing the information contained in this Quarterly Review. Citigroup and the Umbrella Device logo are service marks of Citicorp and/or its affiliates, used and registered throughout the world and are used by Capital Guaranteed Investments Limited under license. Citigroup, Capital Guaranteed Investments Limited or the investment manager make no representation or warranty express or implied regarding the likely investment returns or the performance of the investments.

## Orb summary as at 31 March 2004

### Orb Technology Limited

Net Asset Value	\$A0.970	Investment Manager	Guarantor
Capital Guarantee	\$A1.00		
Issue date	October 2003		
Maturity date	September 2011		



**ORB International Enhanced Income** is due to be released for investment soon. Orb International Enhanced Income will provide investors with capital guaranteed international equity exposure, the potential for regular income and capital growth with the flexibility of being listed on the Australian Stock Exchange.

Please speak to your Financial Adviser to learn more about ORB International Enhanced Income.