

Orb Technology Limited



Orb Technology Limited is the first of a family of capital guaranteed investment opportunities to be issued by Capital Guaranteed Investments Limited.

The positive response to Orb Technology received from investors demonstrates strong interest in global technology investment sectors.

Subscription

Orb Technology closed on 29 September 2003 with subscriptions amounting to \$26.1 million. Investors, were sent their shareholding statement on 17 October, and now have an investment in the growth industries of biotechnology, communication, information and industrial technology.

Performance

The initial Net Asset Value (NAV) per share after allocating costs of the issue was \$0.95. Against the background of a decline in the NASDAQ Composite in Australian Dollar (A\$) terms of 4.4% from market close on 17 October and higher long term interest rates in Australia, the NAV per share ended the quarter at \$0.925, a decline of 2.6%. The guarantee for investors on maturity on 26 September 2011 is A\$1.00.

NAV history

| Date | NAV/share(A\$) |
|------------------|----------------|
| 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 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 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, Pharmaceuticals, Software & Services and Technology Hardware & Equipment. As at 31 December 2003, the portfolio was weighted towards Network Services and Software & Services with low weightings in Biotechnology, Industrial Technology and Medical Devices.

The maximum equity portfolio available to the investment manager has been in the range of 83% to 89% of NAV during the quarter. While the investment manager has elected to operate at the high end of this

maximum with selected investments, market risk has been managed by including offsetting short equity positions to limit overall market risk to around 36% of NAV.

Currency management

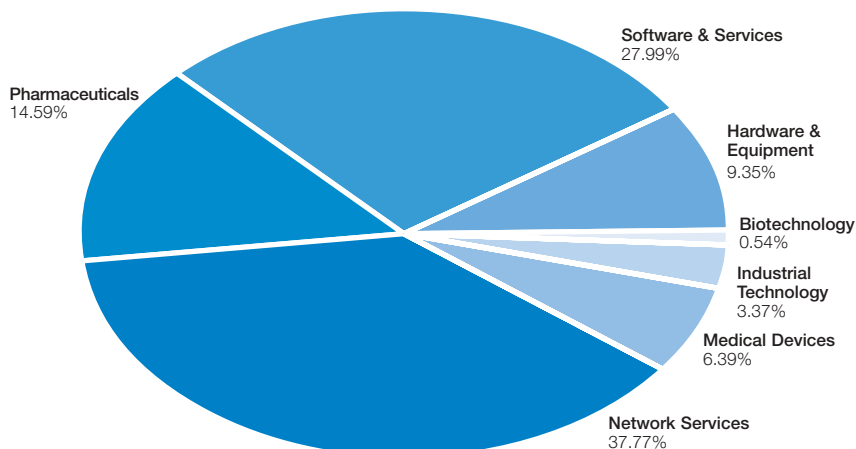
Since the commencement of the equity investment strategy on 20 October 2003, the NASDAQ Composite has fallen 4.4% in Australian dollar terms; a rise in the NASDAQ Composite in United States (US) Dollar terms of 4.8% offset by a rise in the Australian Dollar vs the US Dollar of 9.6%.

The investment manager for Orb Technology, initiated a policy of hedging the US Dollar denominated assets into Australian Dollars soon after the initial equity investments were made in late October 2003. This strategy has helped to protect Orb Technology from the rise of the Australian Dollar relative to the US Dollar.

Fixed deposit investment

Over the period from mid October 2003 to 31 December 2003, long term interest rates experienced a rise, reducing the present value of the fixed deposit. While changes in market interest rates will impact the current value of the deposit over the eight year life of Orb Technology, the fixed deposit account still accrues 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 December 2003



Outlook

Global equity markets are being driven upwards by a strong recovery in the United States economy and the reporting of higher corporate profits. Shares of technology companies have outperformed the broader equity market as investors build their expectations of technology industries leading this economic recovery. Meanwhile, interest rate and currency markets are watching closely for signs of a tightening in monetary policy by the US Federal Reserve.

Technology verses the broader market

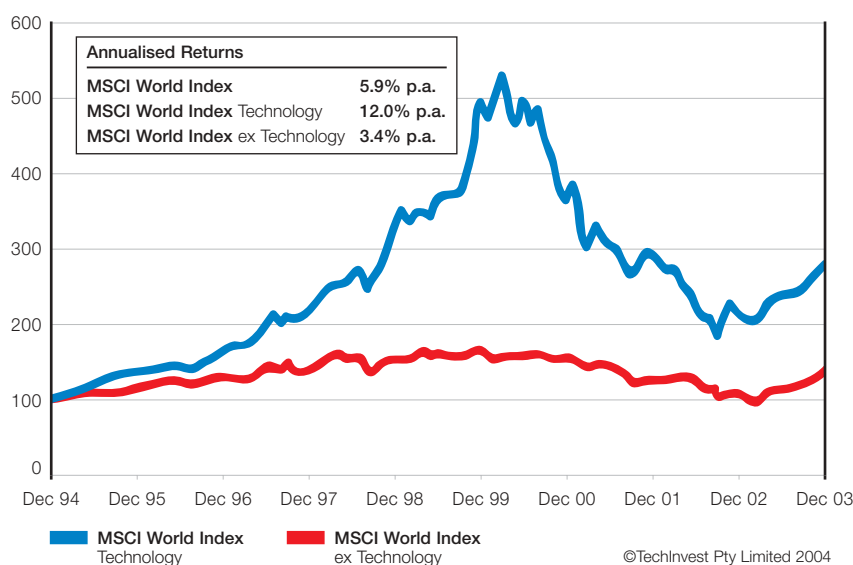
Investors in Orb Technology will be heartened by the important contribution that technology companies have made to the global equity market in the recent past and the leadership they are displaying currently. The investment manager has examined the Morgan Stanley Capital International World Index, one of the most widely recognised global equity market indices, and split the return of this index into two components: the returns from the technology sector (identified as the information technology, medical science

and telecommunications industries) and the remaining non-technology sectors. The results are presented in the chart below and show that over the period from 31 December 1994 to 31 December 2003, the technology sector returned 12.0% per annum, significantly outperforming the non-technology remainder which returned only 3.4% per annum (note, performances are reported in US Dollar terms).

Another way of expressing this result is to say that the majority of the historical returns from global equity markets have been due to the superior returns provided by the technology sector. Without the contribution of the technology sector, the return to the Morgan Stanley Capital International World Index over the identified period would have been only 3.4% per annum. By virtue of including the technology industries the index return increased to 5.9% per annum.

Investments in the technology sector are a vital part of a globally diversified portfolio; and are a sector that is difficult for Australian investors to gain exposure to. Orb Technology provides exposure to this rewarding sector, and with the added protection of a capital guarantee.

MSCI World Index (Technology) v MSCI World (ex Technology)



Orb summary as at 31 December 2003

Orb Technology Limited

| | | | |
|-------------------|----------------|---|---|
| Net Asset Value | A\$0.925 | Investment Manager | Guarantor |
| Capital Guarantee | A\$1.00 |  |  |
| Issue date | October 2003 | | |
| Maturity date | September 2011 | | |

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

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