



GIBRALTAR ASSET MANAGEMENT  
STOCKBROKERS & INVESTMENT MANAGERS

## Core Defensive Options

The objective is to sell quarterly out-of-the-money calls/puts on core defensive blue chip stocks with good earnings visibility, reasonable p/e ratios and decent dividend yields that will support the share price. Any option that is in-the-money at any time will be rolled forward to a suitable series.

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**BAE Systems Aerospace & Defence** **332p** **Dividend to factor in: 20/10/10 7p**

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BAE Systems is a premier global defence, security and aerospace company delivering a full range of products and services for land, sea and air.

*Recommended option series:*

December 340 calls	9p	strike price at 200 day moving average
December 300 puts	6p	strike price at a two year low

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**British American Tobacco Tobacco** **2394p** **Dividend to factor in: None**

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Global tobacco company with a rock solid dividend. Defensive sector with additional benefit of exposure to emerging markets.

*Recommended option series:*

December 2600 calls	18p	strike price above all time high
December 2100 puts	13p	strike price below 200 day moving average

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**Diageo Beverages** **1076p** **Dividend to factor in: None**

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Global drinks company producing such premier brands as Smirnoff, Johnnie Walker, Baileys, Jose Cuervo and Guinness.

*Recommended option series:*

December 1150 calls	14p	strike price close to all time high
December 1000 puts	19p	strike price below lower bollinger band

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**GlaxoSmithKline Pharmaceuticals** **1294p** **Dividend to factor in: None**

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GlaxoSmithKline is one of the world's leading pharmaceutical research companies. A highly defensive company in an ageing population.

*Recommended option series:*

December 1350 calls	18.5p	strike price above two year high
December 1100 puts	7p	strike price below lower bollinger band

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**Royal Dutch Shell B Oil & Gas Producers** **1835p** **Dividend to factor in: None**

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Global oil giant with a diversified business including upstream exploration and downstream production. Well covered dividend and low p/e ratio.

*Recommended option series:*

Nothing in the calls		
December 1600 puts	16p	strike price below lower bollinger band



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## Core Defensive Options - Continued

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**Scottish & Southern Energy Electricity**      **1133p**      **Dividend to factor in: None**

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Scottish & Southern Energy is the UK's second largest generation business, with an ownership interest in over 100 thermal and renewable power stations.

*Recommended option series:*      December 1200 calls      13p      strike price above upper bollinger band  
December 1100 puts      23p      strike price below lower bollinger band

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**Severn Trent Gas, Water & Multiutilities**      **1368p**      **Dividend to factor in: 02/12/09 26.7p**

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Utility company involved in the supply of water and the treatment and disposal of sewage. Good earnings visibility following recent regulatory review.

*Recommended option series:*      Nothing in the calls  
December 1200 puts      9p      strike price at 200 day moving average

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**Tesco Food & Drug Retailers**      **435p**      **Dividend to factor in: 14/10/09 3.9p**

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Defensive growth story with 30% of the UK grocery market along with significant exposure to emerging markets.

*Recommended option series:*      December 460 calls      4p      strike price above two year high  
December 400 puts      5.25p      strike price 8% below current level

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**Unilever Food Producers**      **1789p**      **Dividend to factor in: None**

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Supplier of fast moving consumer goods across Foods, Home and Personal Care categories. Large exposure to emerging markets.

*Recommended option series:*      December 1900 calls      22p      strike price above 200 day moving average  
December 1600 puts      19p      strike price below lower bollinger band

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**Vodafone Mobile Telecommunications**      **162p**      **Dividend to factor in: 18/11/09 2.7p**

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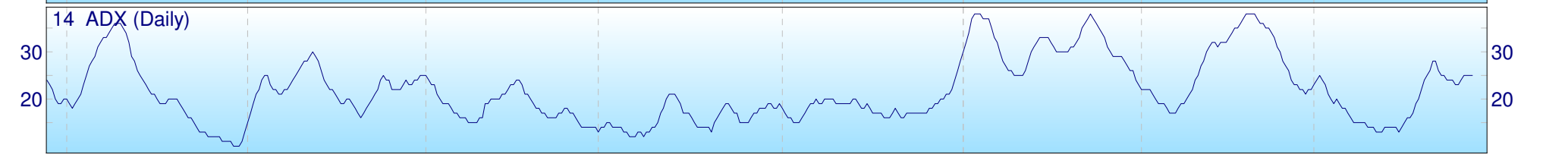
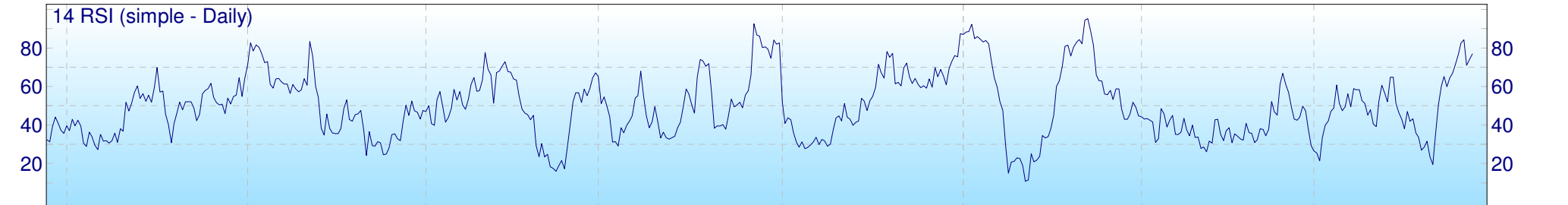
Vodafone is the largest mobile tele-communications network company in the world by turnover and has operations in thirty one countries.

*Recommended option series:*      December 170 calls      2.5p      strike price above two year high  
December 140 puts      2p      strike price below 200 day moving average

BAE Systems PLC N

Pence

Ord



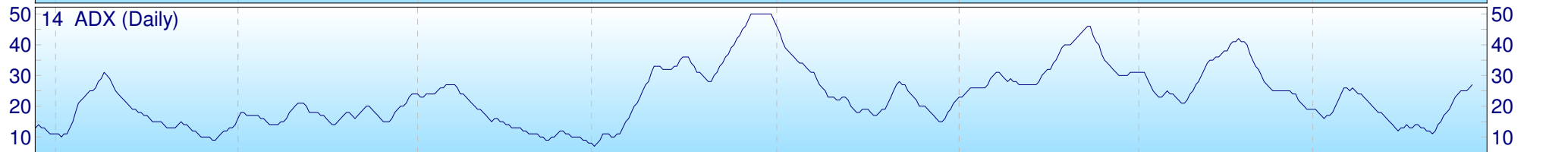
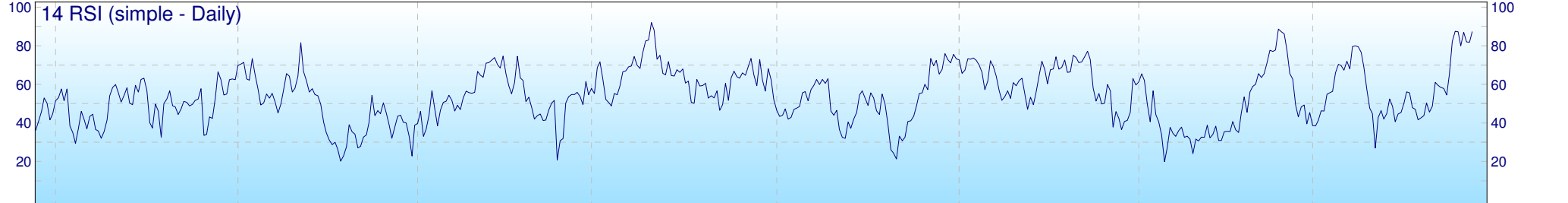
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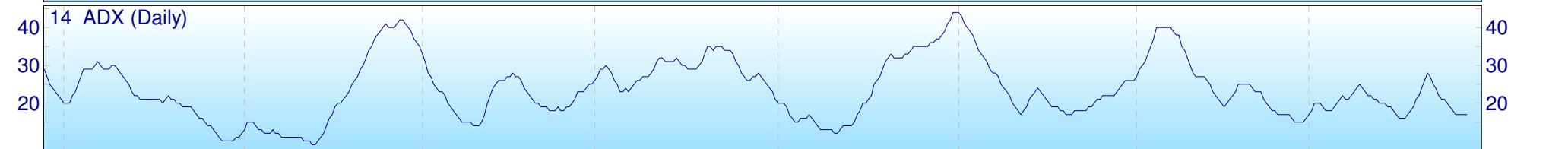
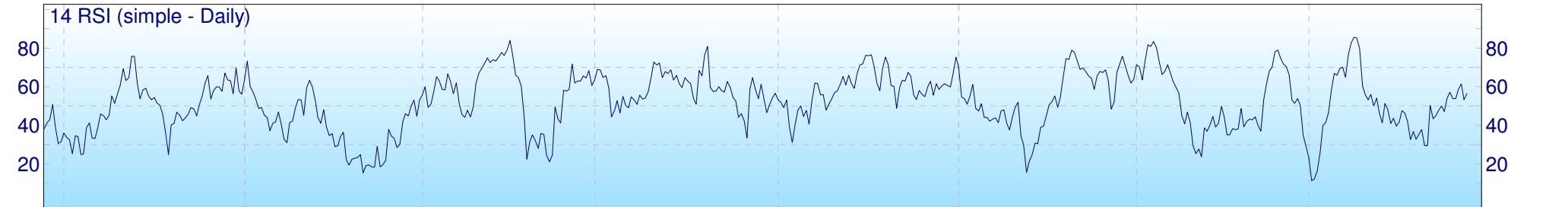
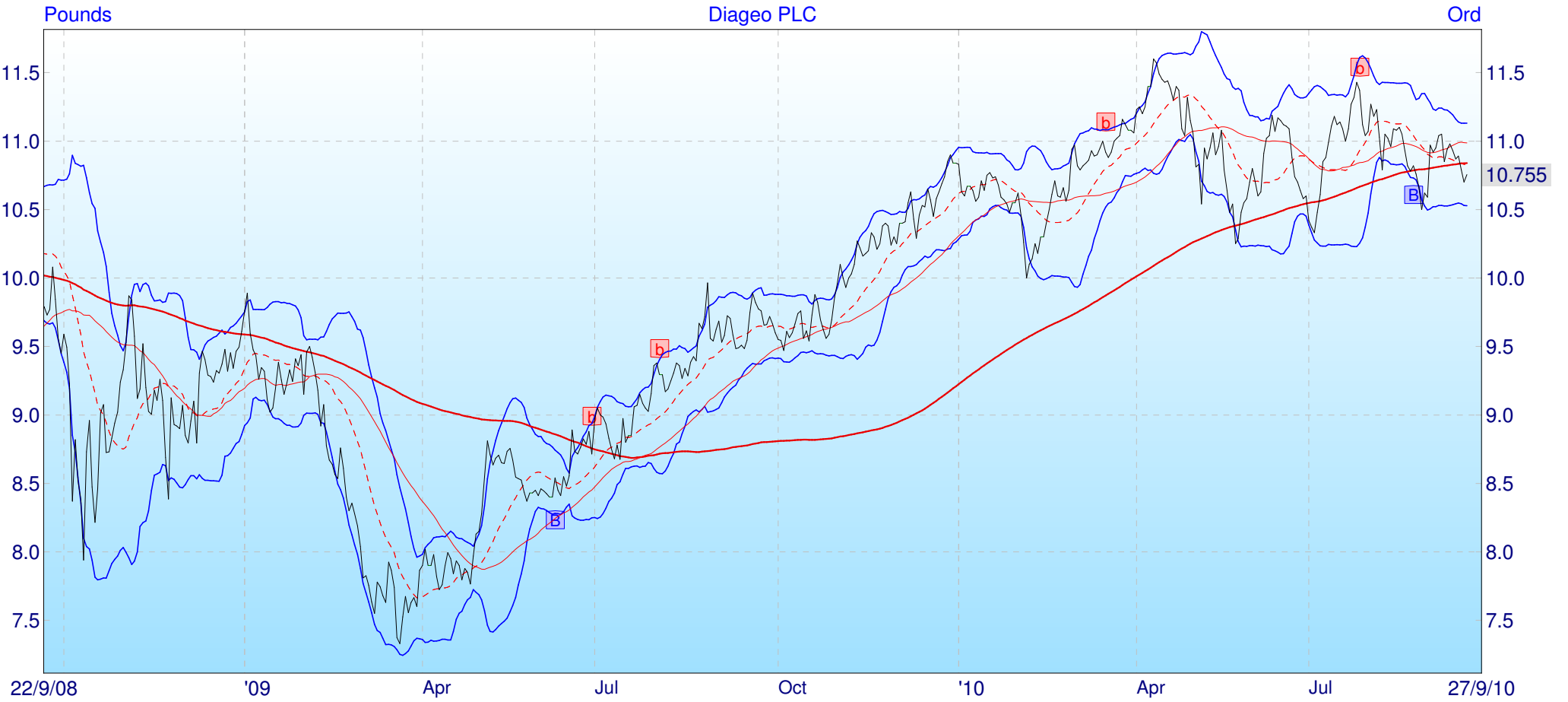
# British American Tobacco PLC

Ord



22/9/08 '09 Apr Jul Oct '10 Apr Jul 27/9/10





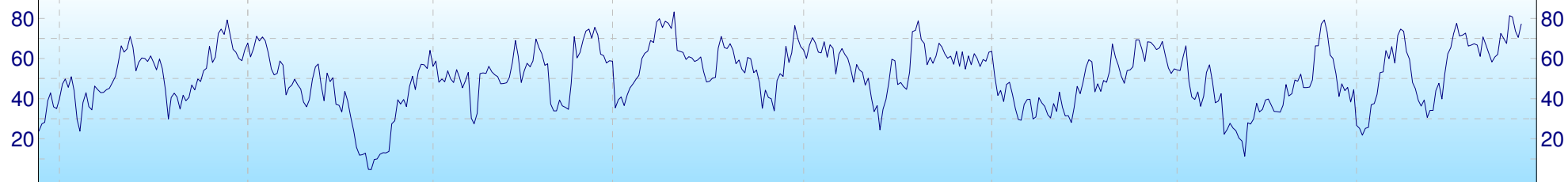
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GlaxoSmithKline PLC N

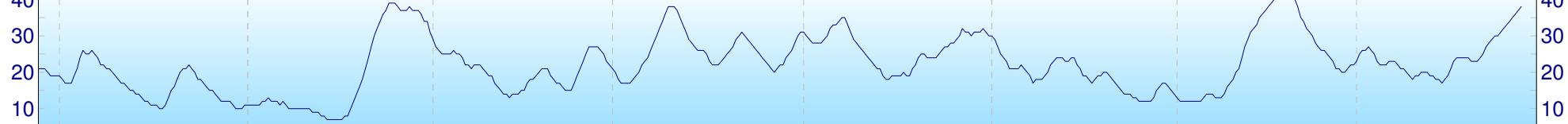
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14 RSI (simple - Daily)



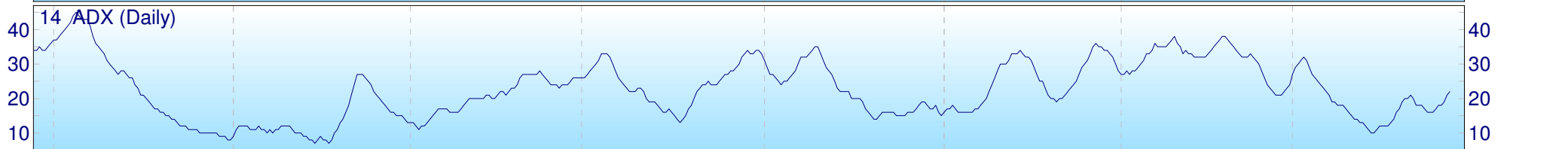
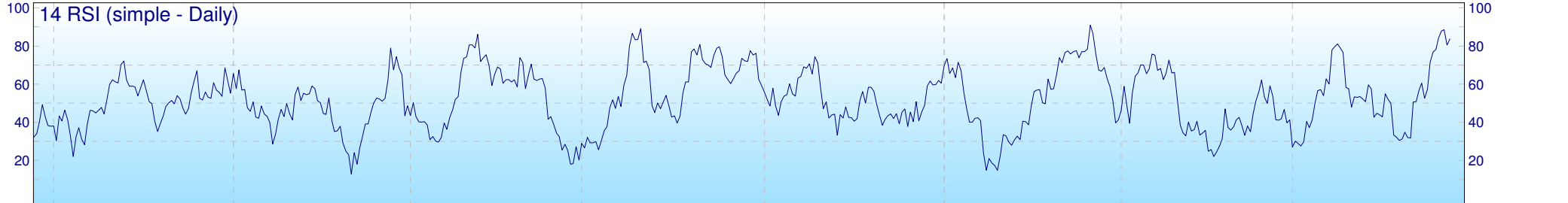
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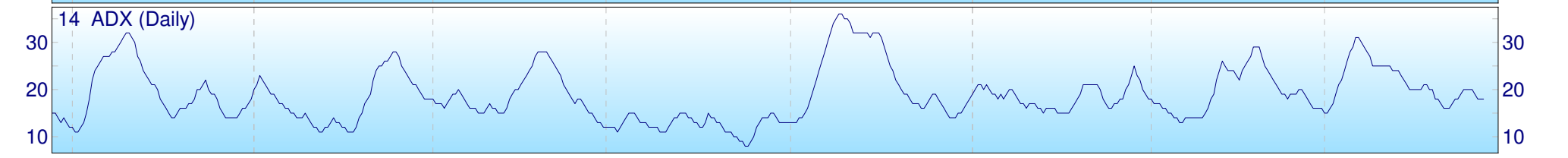
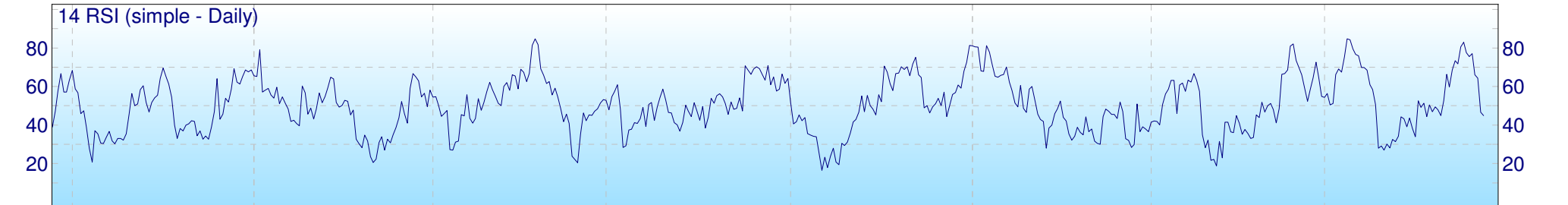
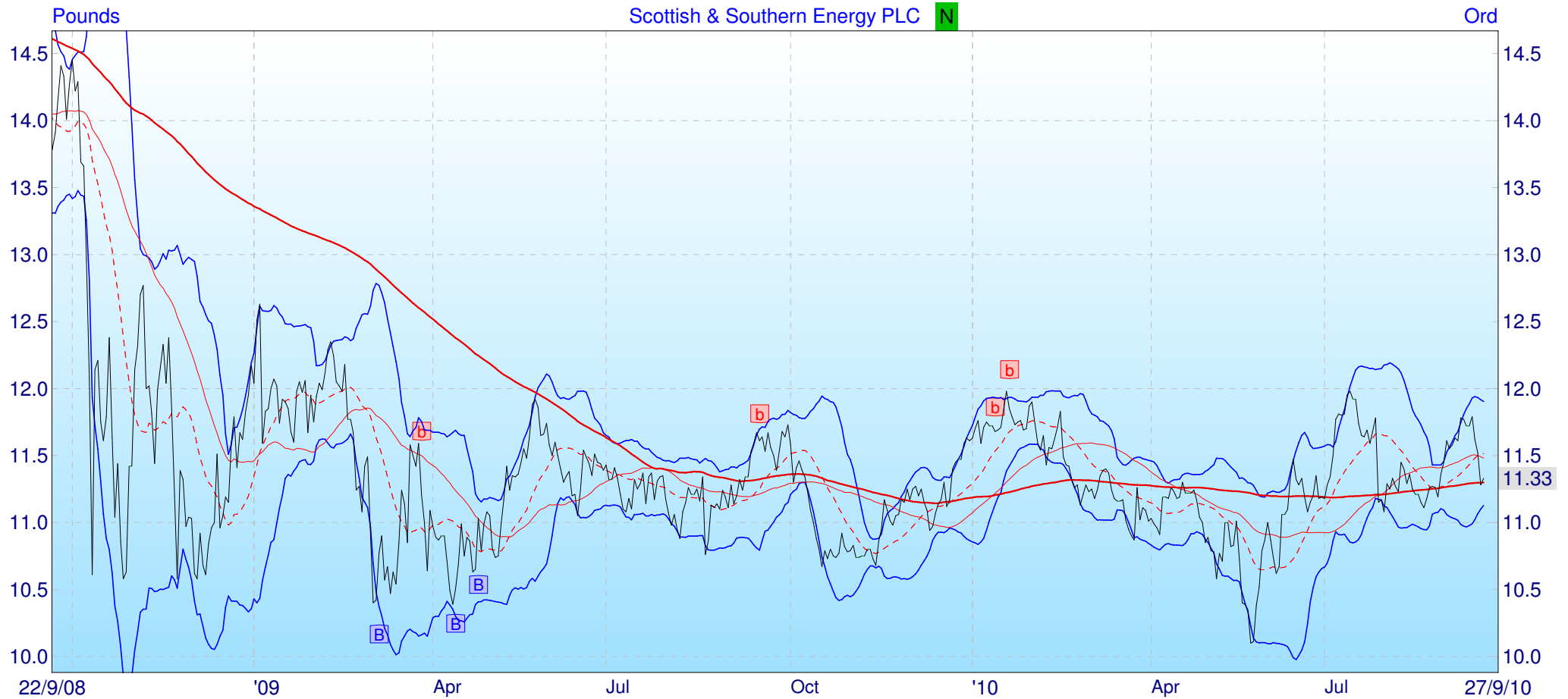


# Royal Dutch Shell PLC

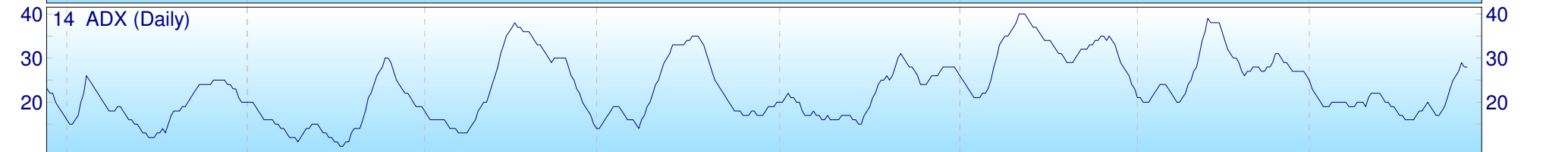
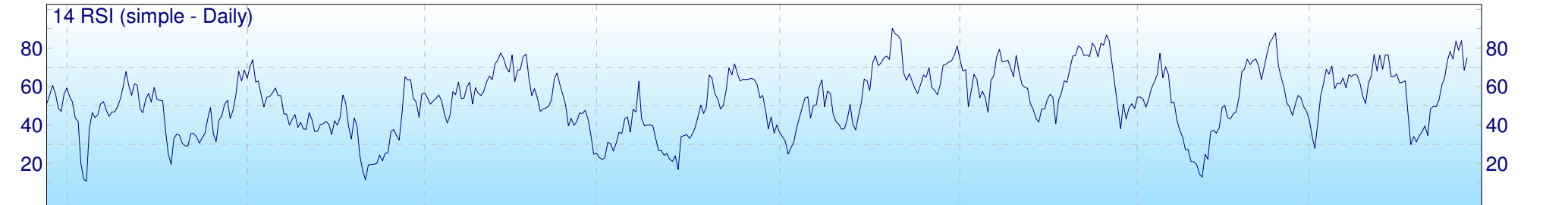
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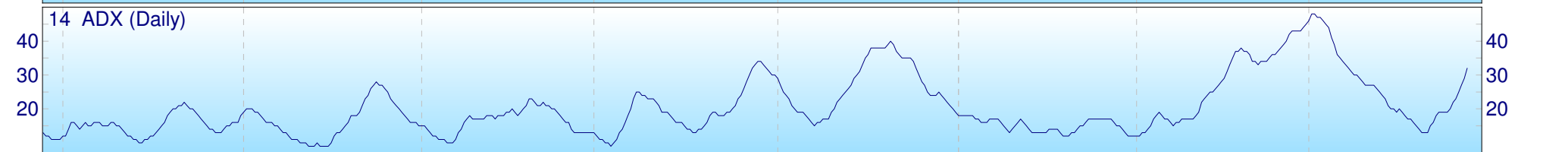
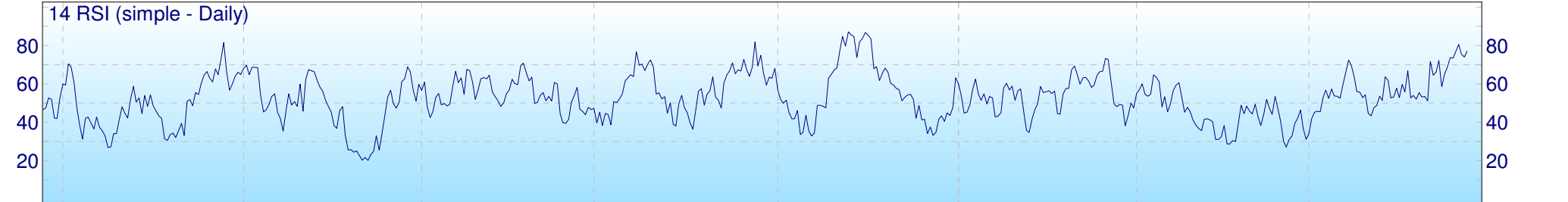
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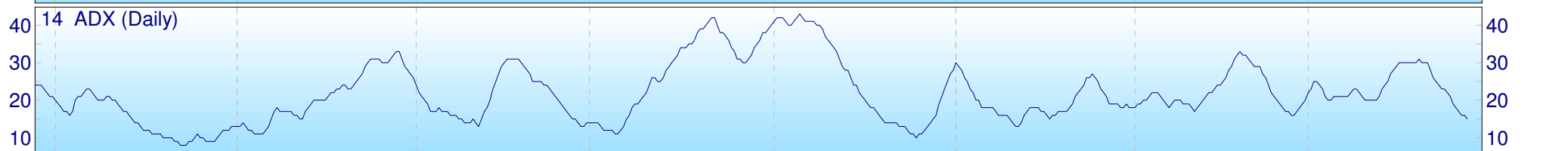
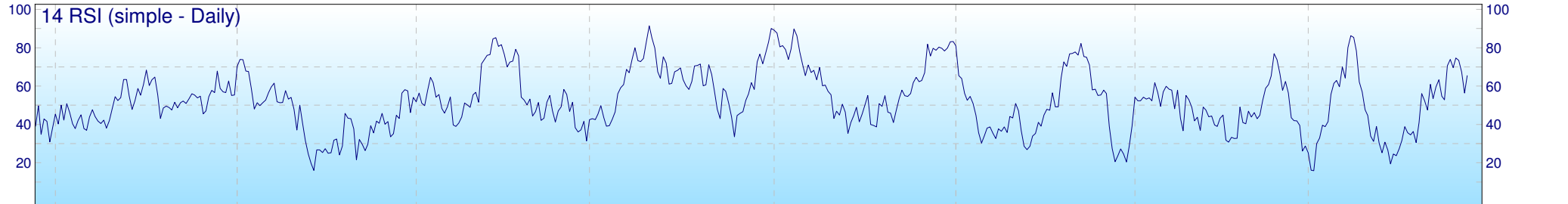
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Unilever PLC

Ord



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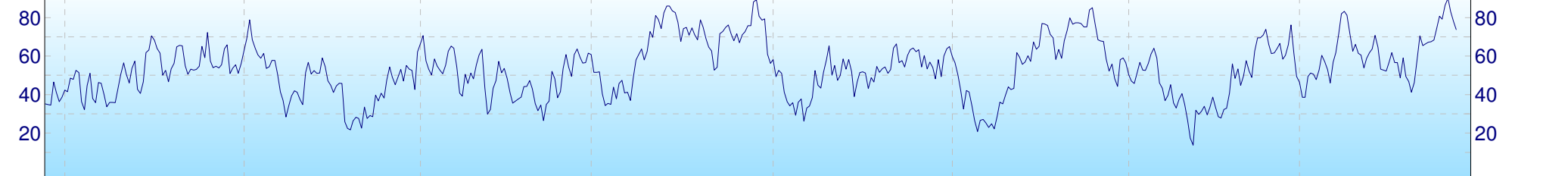
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Vodafone Group PLC N

Ord



14 RSI (simple - Daily)



14 ADX (Daily)

